



*edp* renováveis

INTERIM REPORT  
EDPR 1H 2020



Energy

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## IH 2020 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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# 01

## **01 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020**

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**EDP Renováveis, S.A.  
and its subsidiaries**

Report on limited review of condensed  
interim consolidated financial statements  
and interim consolidated management's report as  
at June 30, 2020



## Report on limited review of condensed interim consolidated financial statements

To the shareholders of EDP Renováveis, S.A., at the request of the Board of Directors:

### Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of EDP Renováveis, S.A. (hereinafter, “the parent company”) and its subsidiaries (hereinafter, “the group”), which comprise the statement of financial position as at June 30, 2020, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flow and related notes, all condensed and consolidated, for the six-month period then ended. The parent company’s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

### Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

### Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended June 30, 2020 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

### Emphasis of Matter

We draw attention to note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the group for the year ended December 31, 2019. Our conclusion is not modified in respect of this matter.



## Other Matters

### *Interim consolidated management's report*

The accompanying interim consolidated management's report for the six-month period ended June 30, 2020 contains the explanations which the parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this management's report is in agreement with that of the interim financial statements for the six-month period ended June 30, 2020. Our work is limited to checking the interim consolidated management's report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from EDP Renováveis, S.A. and its subsidiaries' accounting records.

### *Preparation of this review report*

This report has been prepared at the request of the Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

  
Iñaki Goiriena Basualdu

September 3, 2020

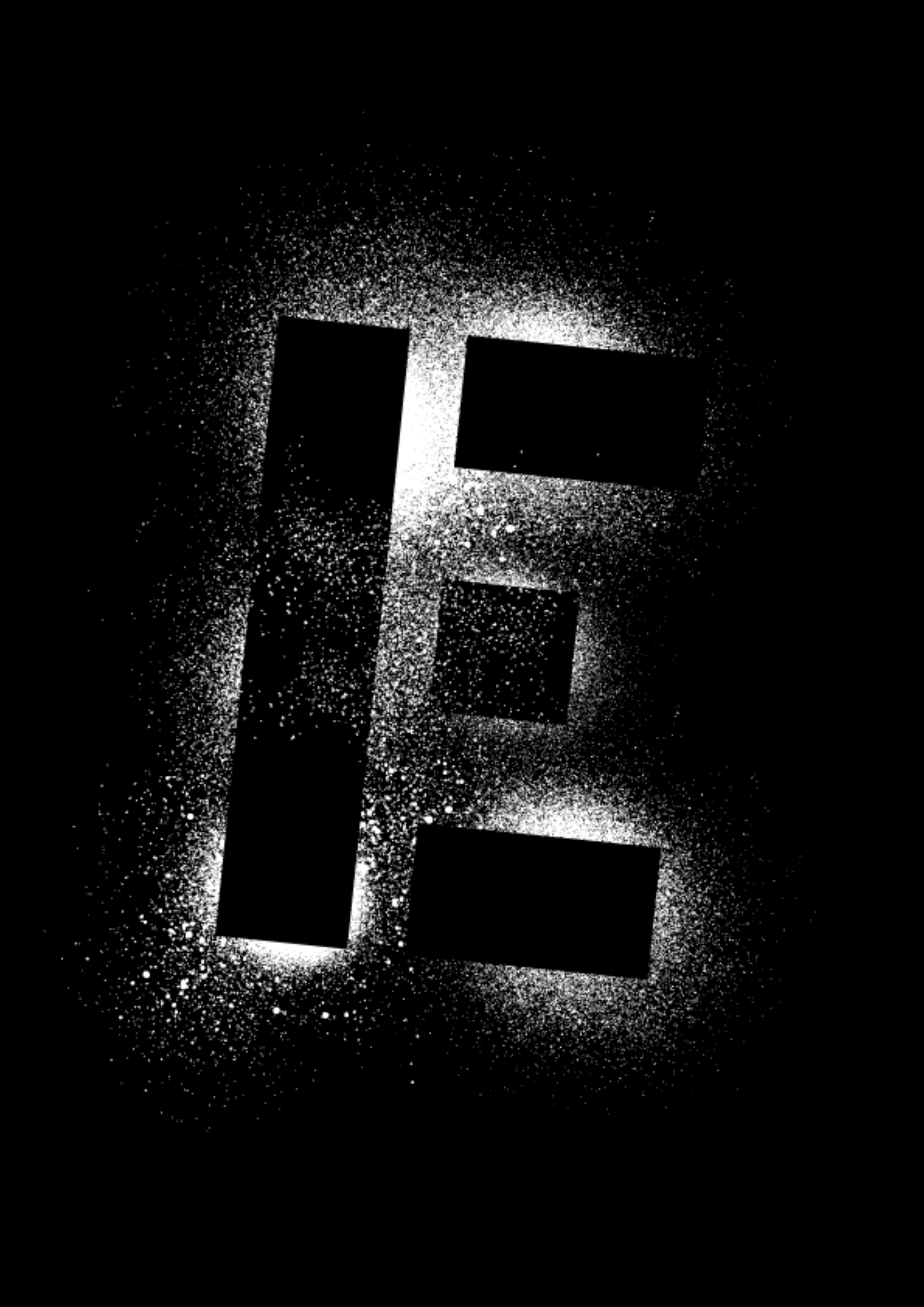
INSTITUTO DE CENSORES  
JURADOS DE CUENTAS  
DE ESPAÑA

PRICEWATERHOUSECOOPERS  
AUDITORES, S.L.

2020 Núm. 01/20/07719

SELLO CORPORATIVO: 30,00 EUR

Informe sobre trabajos distintos  
a la auditoría de cuentas





## Condensed Consolidated Income Statement for the six-month period ended 30 June 2020 and 2019

THOUSAND EUROS	NOTES	2020	2019*
Revenues	7	808,435	910,460
Income from institutional partnerships in U.S. wind farms	8	104,560	94,653
		<b>912,995</b>	<b>1,005,113</b>
Other income	9	193,806	253,046
Supplies and services	10	-147,155	-147,497
Personnel costs and employee benefits	11	-70,649	-63,005
Other expenses	12	-90,907	-86,402
Impairment losses on trade receivables and debtors	23	-122	-65
		<b>-115,027</b>	<b>-43,923</b>
Joint ventures and associates	20	-4,793	3,850
		<b>793,175</b>	<b>965,040</b>
Provisions	32	-199	-269
Amortisation and impairment	13	-292,030	-293,474
<b>Operating profit</b>		<b>500,946</b>	<b>671,297</b>
Financial income	14	45,621	24,704
Financial expenses	14	-209,225	-213,333
Financial expenses – net		-163,604	-188,629
<b>Profit before tax and CESE</b>		<b>337,342</b>	<b>482,668</b>
Income tax expense	15	-3,190	-45,542
Extraordinary contribution to the energy sector (CESE)	15	-3,173	-3,503
<b>NET PROFIT FOR THE YEAR</b>		<b>330,979</b>	<b>433,623</b>
<b>ATTRIBUTABLE TO</b>			
Equity holders of EDP Renováveis	29	254,739	343,080
Non-controlling interests	30	76,240	90,543
<b>NET PROFIT FOR THE YEAR</b>		<b>330,979</b>	<b>433,623</b>
<b>Earnings per share basic and diluted - Euros</b>	<b>28</b>	<b>0,29</b>	<b>0,39</b>

\* Includes restatement due to changes in results in Joint Ventures and Associates as described in note 2a)

**Condensed Consolidated Statement Of Comprehensive Income for the six-month period ended at 30 June 2020 and 2019**

THOUSAND EUROS	2020		2019	
	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS
Net profit for the year	254,739	76,240	343,080	90,543
<b>ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS</b>				
Actuarial gains/(losses)	-	-	-49	-4
Tax effect of actuarial gains/(losses)	-	-	11	1
	-	-	-38	-3
<b>ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS</b>				
Fair value reserve (Equity instruments at fair value)	-	-	-	-
Tax effect of fair value reserve (Equity instruments at fair value)	-	-	-	-
Fair value reserve (cash flow hedge)	46,678	-2,442	28,608	-1,593
Tax effect from the fair value reserve (cash flow hedge)	-13,852	775	-6,445	375
Fair value reserve (cash flow hedge) net of taxes of non-current assets held for sale	-	-	-	-
Share of other comprehensive income of joint ventures and associates, net of taxes	1,740	-	-8,683	-
Reclassification to profit and loss due to changes in control	42,232	-	208	-
Exchange differences arising on consolidation	-75,495	-30,786	-10	8,042
	1,303	-32,453	13,678	6,824
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	1,303	-32,453	13,640	6,821
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	256,042	43,787	356,720	97,364

## Condensed Consolidated statement of financial position as at 30 June 2020 and 31 December 2019

THOUSAND EUROS	NOTES	2020	2019
<b>ASSETS</b>			
Property, plant and equipment	16	13,255,822	13,263,860
Right-of-use assets	17	632,649	615,964
Intangible assets	18	293,627	290,317
Goodwill	19	1,134,928	1,199,210
Investments in joint ventures and associates	20	460,539	460,185
Equity instruments at fair value		16,646	15,960
Deferred tax assets	21	116,065	126,172
Debtors and other assets from commercial activities	23	22,717	18,940
Other debtors and other assets	24	201,485	107,196
Collateral deposits associated to financial debt	31	19,025	20,393
<b>Total Non-Current Assets</b>		<b>16,153,503</b>	<b>16,118,197</b>
Inventories	22	45,438	34,085
Debtors and other assets from commercial activities	23	264,445	284,072
Other debtors and other assets	24	304,578	393,370
Current tax assets	25	105,371	55,530
Collateral deposits associated to financial debt	30	9,282	11,446
Cash and cash equivalents	26	352,299	581,759
Assets held for sale	27	595,239	214,194
<b>Total Current Assets</b>		<b>1,676,652</b>	<b>1,574,456</b>
<b>TOTAL ASSETS</b>		<b>17,830,155</b>	<b>17,692,653</b>
<b>EQUITY</b>			
Share capital	28	4,361,541	4,361,541
Share premium	28	552,035	552,035
Reserves	29	-123,314	-124,617
Other reserves and Retained earnings	29	2,115,755	1,708,752
Consolidated net profit attributable to equity holders of the parent		254,739	475,128
<b>Total Equity attributable to equity holders of the parent</b>		<b>7,160,756</b>	<b>6,972,839</b>
Non-controlling interests	30	1,334,426	1,361,861
<b>TOTAL EQUITY</b>		<b>8,495,182</b>	<b>8,334,700</b>
<b>LIABILITIES</b>			
Medium / Long term financial debt	31	2,481,353	2,598,688
Provisions	32	269,994	272,380
Deferred tax liabilities	21	334,145	355,484
Institutional partnerships in U.S. wind farms	33	2,354,648	2,289,784
Trade and other payables from commercial activities	34	409,134	459,966
Other liabilities and other payables	35	921,924	923,974
<b>Total Non-Current Liabilities</b>		<b>6,771,198</b>	<b>6,900,276</b>
Short term financial debt	31	926,359	817,849
Provisions	32	5,628	5,667
Trade and other payables from commercial activities	34	1,226,326	1,269,455
Other liabilities and other payables	35	156,569	245,123
Current tax liabilities	36	113,062	92,828
Liabilities held for sale	27	135,831	26,755
<b>Total Current Liabilities</b>		<b>2,563,775</b>	<b>2,457,677</b>
<b>TOTAL LIABILITIES</b>		<b>9,334,973</b>	<b>9,357,953</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,830,155</b>	<b>17,692,653</b>

Condensed Consolidated statement of changes in equity for the six-month period ended at 30 June 2020 and 31 December 2019

THOUSAND EUROS	TOTAL EQUITY	SHARE CAPITAL	SHARE PREMIUM	RESERVES AND RETAINED EARNINGS	EXCHANGE DIFFERENCES	HEDGING RESERVE	FAIR VALUE RESERVE	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF EDP RENOVAVEIS	NON-CONTROLLING INTERESTS
<b>BALANCE AS AT 31 DECEMBER 2018</b>	<b>8,122,404</b>	<b>4,361,541</b>	<b>552,035</b>	<b>1,767,963</b>	<b>-68,927</b>	<b>-109,962</b>	<b>6,364</b>	<b>6,509,014</b>	<b>1,613,390</b>
<b>COMPREHENSIVE INCOME</b>									
- Fair value reserve (cash flow hedge) net of taxes	20,945	-	-	-	-	22,163	-	22,163	-1,218
- Share of other comprehensive Income in joint ventures and associates, net of taxes	-8,683	-	-	-	1,647	-10,330	-	-8,683	-
- Reclassification to profit and loss due to changes in control	208	-	-	-	-	208	-	208	-
- Actuarial gains/(losses)net of taxes	-41	-	-	-38	-	-	-	-38	-3
- Exchange differences arising on consolidation	8,032	-	-	-	-10	-	-	-10	8,042
- Net profit for the period	433,623	-	-	343,080	-	-	-	343,080	90,543
<b>Total comprehensive income for the period</b>	<b>454,084</b>	<b>-</b>	<b>-</b>	<b>343,042</b>	<b>1,637</b>	<b>12,041</b>	<b>-</b>	<b>356,720</b>	<b>97,364</b>
Dividends paid	-61,061	-	-	-61,061	-	-	-	-61,061	-
Dividends attributable to non-controlling interests	-33,163	-	-	-	-	-	-	-	-33,163
Sale with loss of control of EDPR Europe subsidiaries	-289,345	-	-	-	-	-	-	-	-289,345
Other changes resulting from acquisitions/sales and equity increases	-45,779	-	-	-11,331	-	-	-	-11,331	-34,448
Other	292	-	-	-	-	-	-	-	292
<b>BALANCE AS AT 30 JUNE 2019</b>	<b>8,147,432</b>	<b>4,361,541</b>	<b>552,035</b>	<b>2,038,613</b>	<b>-67,290</b>	<b>-97,921</b>	<b>6,364</b>	<b>6,793,342</b>	<b>1,354,090</b>
<b>BALANCE AS AT 31 DECEMBER 2019</b>	<b>8,334,700</b>	<b>4,361,541</b>	<b>552,035</b>	<b>2,183,880</b>	<b>-79,986</b>	<b>-50,903</b>	<b>6,272</b>	<b>6,972,839</b>	<b>1,361,861</b>
<b>COMPREHENSIVE INCOME</b>									
- Fair value reserve (cash flow hedge) net of taxes	31,159	-	-	-	-	32,826	-	32,826	-1,667
- Share of other comprehensive Income in joint ventures and associates, net of taxes	1,740	-	-	-	3,434	-1,694	-	1,740	-
- Reclassification to profit and loss due to changes in control	42,232	-	-	-	14,359	27,873	-	42,232	-
- Exchange differences arising on consolidation	-106,281	-	-	-	-75,495	-	-	-75,495	-30,786
- Net profit for the period	330,979	-	-	254,739	-	-	-	254,739	76,240
<b>Total comprehensive income for the period</b>	<b>299,829</b>	<b>-</b>	<b>-</b>	<b>254,739</b>	<b>-57,702</b>	<b>59,005</b>	<b>-</b>	<b>256,042</b>	<b>43,787</b>
Dividends paid	-69,785	-	-	-69,785	-	-	-	-69,785	-
Dividends attributable to non-controlling interests	-26,441	-	-	-	-	-	-	-	-26,441
Other changes resulting from acquisitions/sales and equity increases	-44,832	-	-	254	-	-	-	254	-45,086
Other	1,711	-	-	1,406	-	-	-	1,406	305
<b>BALANCE AS AT 30 JUNE 2020</b>	<b>8,495,182</b>	<b>4,361,541</b>	<b>552,035</b>	<b>2,370,494</b>	<b>-137,688</b>	<b>8,102</b>	<b>6,272</b>	<b>7,160,756</b>	<b>1,334,426</b>

## Condensed Consolidated Statement of Cash Flows for the six-month period ended 30 June 2020 and 2019

THOUSAND EUROS	2020	2019
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	798,204	933,469
Payments to suppliers	-162,448	-183,818
Payments to personnel	-80,545	-74,546
Other receipts / (payments) relating to operating activities	-15,427	-9,268
Net cash from operations	539,784	665,837
Income tax received / (paid)	-13,284	-20,383
<b>Net cash flows from operating activities</b>	<b>526,500</b>	<b>645,454</b>
<b>INVESTING ACTIVITIES</b>		
Cash receipts relating to:		
Property, plant and equipment and intangible assets	357	705
Interest and similar income	4,831	9,268
Dividends	8,672	14,780
Loans to related parties	162,925	4,214
Sale of subsidiaries with loss of control	272,711	2
Other receipts from investing activities	13,886	-
	<b>463,382</b>	<b>28,969</b>
Cash payments relating to:		
Changes in cash resulting from perimeter variations (*)	-6,707	-93,075
Acquisition of subsidiaries	-42,918	-5,456
Property, plant and equipment and intangible assets	-666,046	-774,410
Loans to related parties	-266,739	-38,293
Other payments in investing activities	-129,636	-212,748
	<b>-1,112,046</b>	<b>-1,123,982</b>
<b>Net cash flows from investing activities</b>	<b>-648,664</b>	<b>-1,095,013</b>
<b>FINANCING ACTIVITIES</b>		
Payments/receipts related with transactions with non-controlling interest without change of control	-1,364	-15,053
Receipts / (payments) relating to loans from third parties	-33,377	-3,409
Receipts / (payments) relating to loans from non-controlling interests	-20,688	-17,026
Receipts / (payments) relating to loans from Group companies	133,595	517,016
Interest and similar costs including hedge derivatives from third parties	-22,243	-25,528
Interest and similar costs from non-controlling interests	-3,598	-2,921
Interest and similar costs including hedge derivatives from Group companies	-84,472	-84,570
Payments of lease liabilities	-23,251	-23,909
Dividends paid	-95,691	-88,751
Receipts/ (payments) from derivative financial instruments	6,790	1,971
Receipts / (payments) from wind activity institutional partnerships - USA	114,944	-64,258
Other cash flows from financing activities	-45,992	-34,496
<b>Net cash flows from financing activities</b>	<b>-75,347</b>	<b>159,066</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>-197,511</b>	<b>-290,493</b>
Effect of exchange rate fluctuations on cash held	-31,949	6,626
Cash and cash equivalents at the beginning of the period	581,759	551,543
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (**)</b>	<b>352,299</b>	<b>267,676</b>

(\*) Mainly related with the reclassification to held for sale of cash and cash equivalents balances of certain portfolio of Spanish companies (see note 27);

(\*\*) See note 26 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents;

Variations in the following captions, including cash flow variations, during the period ending June 30, 2020 are as follows:

THOUSAND EUROS	BANK LOANS (*)	GROUP LOANS	NON- CONTROLLING INTERESTS LOANS	U.S. INSTITUTIONAL PARTNERSHIPS	DERIVATIVES (**)	TOTAL
<b>BALANCE AS OF DECEMBER 31, 2019</b>	<b>737,965</b>	<b>2,646,733</b>	<b>245,083</b>	<b>2,289,785</b>	<b>-151,315</b>	<b>5,768,251</b>
Cash flows						
- Receipts / (payments) relating to loans from third parties	-33,377	-	-	-	-	-33,377
- Receipts / (payments) relating to loans from non-controlling interests	-	-	-20,688	-	-	-20,688
- Receipts / (payments) relating to loans from Group companies	-	133,595	-	-	-	133,595
- Interest and similar costs including hedge derivatives from third parties	-18,393	-	-	-	-3,850	-22,243
- Interest and similar costs from non controlling interests	-	-	-3,598	-	-	-3,598
- Interest and similar costs including hedge derivatives from Group companies	-	-54,533	-	-	-29,939	-84,472
- Receipts/ (payments) from derivative financial instruments	-	-	-	-	6,790	6,790
- Receipts / (Payments) from institutional partnership in US wind farms	-	-	-	114,944	-	114,944
Reclassification to Held for Sale	-82,423	-	-	-	-3,610	-86,033
Exchange differences	-36,900	900	-5,027	6,469	16,983	-17,575
Fair value changes	-	-	-	-	395	395
Accrued expenses	28,413	57,425	6,314	-62	35,539	127,629
Unwinding	-	-	-	48,073	-	48,073
Changes in U.S. Institutional Partnerships related to ITC/PTC	-	-	-	-104,560	-	-104,560
<b>BALANCE AS OF JUNE 30, 2020</b>	<b>595,285</b>	<b>2,784,120</b>	<b>222,084</b>	<b>2,354,649</b>	<b>-129,007</b>	<b>5,827,131</b>

(\*) Net of collateral deposits;

(\*\*) The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities;

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 AND 2019

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## COVID-19. MACROECONOMIC, REGULATORY, OPERATIONAL, ACCOUNTING IMPACT AND STAKEHOLDERS

In late 2019, in the Chinese city of Wuhan, a virus that can cause a serious respiratory infection like pneumonia was first identified in humans. During the year 2020, this virus, designated by the World Health Organization (WHO) as COVID-19, evolved to other countries and was classified as a pandemic. The Coronavirus (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 a deep uncertainty regarding lockdown effects in the shape of economic downturn and recovery. COVID-19 is impacting EDPR Group both operationally and economically, but there are still additional risks with relevant likelihood.

In global macroeconomic terms, COVID-19 has impacted the EDPR Group's activity in its various geographies and areas of 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.

EDPR 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, partly already felt a few months before the COVID-19 crisis in Europe, which in the meantime have already had some recovery. The price risk hedging strategy, with very high levels of fixed-price coverage, made it possible to contain the impacts of the fall in pool prices in several geographies of EDPR Group.

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 the appreciation of the capital markets, however partially recovered after March minimum.

In terms of exposure to credit risk, although there has been no material increase in bad debts, there has been an increase in exposure from Electricity and GC hedges and a general deterioration of the financial situation of counterparties across the globe. However, since Group's main customers are utilities, regulated entities and regional market agents, where credit risk from trade receivables is not significant, in conjunction with standard debt recovery policies and processes, allows to mitigate these potential impacts.

EDP, being the main shareholder of EDPR, 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.

### *Regulatory Impact*

A set of extraordinary and urgent measures to respond to the epidemiological situation of the new COVID-19 were implemented and approved across the different geographies where EDPR has a presence. Further details on regulatory changes can be found in note 1 below.

### *Operational Impact*

EDPR activated Contingency Plan for Covid-19 in early March 2020, including measures to protect its employees and partners, initiatives to help local communities and operational response to minimize conditions for the spread of the virus & keep essential services in operation. The risk to value creation is expected to be minimized in EDPR, as internal O&M services together with its operational dispatch centre team have had continuous access to assets through remote control, therefore having very low availability losses on fleet. EDPR has limited exposure to merchant prices with 95% of the revenues contracted for 2020 and 93% for 2021, as of June 2020.

### *Accounting Impact*

To assess possible accounting impacts arising from COVID-19, the EDPR Group reassessed the estimates it considers relevant and which may have been impacted by this fact. Thus, on 30 June 2020, the EDPR Group carried out a series of analyses of these relevant estimates and concluded that no significant accounting impacts have arisen derived from COVID-19 pandemic.

### *Stakeholders*

Following the Covid-19 pandemic, EDPR implemented a Response Plan focused on protecting the employees, helping local communities and minimizing the impacts on the business continuity and the Business Plan. Accordingly, the Company implemented protective measures, focusing on anticipation and prevention, working to guarantee re-establishment under safe conditions for all:

- Employees

As a responsible company, EDPR quickly took measures to minimize the conditions for the virus to spread, focusing on people's health and keeping essential services in operation. In February, EDPR implemented travel restrictions, adopted measures for employees who had recently travelled to affected areas and distributed hand sanitizers in all facilities. In March, EDPR activated the Contingency Plan based on EDP's Contingency Plan for pandemics, implemented home office in all geographies where it is present and restricted visits to its facilities, continuously communicating with the employees regarding any updates on the situation and providing instructions in case of a positive or possible infection.

By the end of June, 70% of EDPR employees were working from home with the remaining 30% onsite guaranteeing key duties. Currently, EDPR employees are gradually returning to the facilities according to a Reopening Plan with geographical specifications, guaranteeing the highest health & safety standards for all.

Despite the global crisis, EDPR maintained its Human Resources policies and continued hiring and maintained the promotions, mobilities and training sessions, adapting the processes to the current situation.

- Communities

As an integral part of the local communities, EDPR is committed to support their recovery and development. In accordance, the Company has set up initiatives in all countries where it is present to help local communities combat the pandemic, in coordination with EDP Group. EDPR donated over € 800k throughout 15 countries to food banks, medical equipment, rapid testing kits and digital educational materials. EDPR's response to the global crisis is aligned with its commitment to maintain a relationship of proximity with the local communities, seeking to know, respect and support their needs, looking to contribute to improve the living conditions of the society.



## 01. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as “EDP Renováveis” or “EDPR”) was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Avenida 24 de Julho, 12, Lisbon. As at 31 December 2019 and 31 December 2018, EDP Energias de Portugal, S.A through its Spanish branch EDP S.A. - Sucursal en España (“EDP Branch”) held a qualified shareholding of 82.6% of the share capital and voting rights of EDPR and 17.44% of the share capital was free floated in the Euronext Lisbon.

In December 2011, China Three Gorges Corporation (CTG) signed an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the above-mentioned agreement through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totaling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, the following transactions have taken place:

- In June 2013, EDPR completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.;
- In May 2015, EDPR closed the sale of 49% of the following EDPR Brasil subsidiaries to CTG through CWEI Brasil participações LTDA: Elebrás Projetos S.A, Central Nacional de Energia Eólica S.A, Central Eólica Baixa do Feijão I S.A, Central Eólica Baixa do Feijão II S.A, Central Eólica Baixa do Feijão III S.A, Central Eólica Baixa do Feijão IV S.A, Central Eólica Jau S.A. and Central Eólica Aventura S.A.;
- In October 2016, EDPR completed the sale of 49% equity shareholding in EDP Renewables Polska SP.Zo.o. to CTG through ACE Poland S.Á.R.L. and the sale of 49% equity shareholding in EDP Renewables Italia S.r.l. to CTG through ACE Italy S.Á.R.L.;
- In June 2017, EDPR Group closed the sale of 49% equity shareholding in EDPR PT - Parques Eólicos, S.A. to CTG through ACE Portugal S.Á.R.L.;
- In December 2018, EDPR completed the sale of 10% equity shareholding in the equity consolidated offshore company Moray East Holdings Limited to CTG through China Three Gorges (UK) Limited.

As at 30 June 2020, EDP Renováveis S.A. directly holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, LLC (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), EDP Renováveis Brasil, S.A. (EDPR BR), Eolos Energia S.A.S. E.S.P. and Vientos del Norte S.A.S. E.S.P.

EDPR EU operates through its subsidiaries located in Spain, Portugal, France, Belgium, Netherlands, Poland, Romania, Italy and Greece. EDPR EU's main subsidiaries are: EDP Renovables España, S.L. (wind farms in Spain), EDP Renováveis Portugal, S.A. and EDPR PT – Parques Eólicos, S.A. (wind farms in Portugal), EDPR France Holding S.A.S. (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O and EDPR Renewables Polska HoldCo, S.A. (wind farms in Poland), EDPR România S.r.l. and EDPR RO PV S.r.l. (wind and photovoltaic solar farms in Romania), EDP Renewables Italy, S.r.l. and EDP Renewables Italia Holding, S.r.l. (wind farms in Italy) and Energiaki Arvanikou M.Epe and Wind Park Aerorrachi M.A.E. (main wind farms in Greece).

EDPR NA's main activities consist of the development, management and operation of wind and solar farms in the United States of America and providing management services for EDPR Canada and EDPR Mexico. EDPR Canada and EDPR Mexico's main activities consist of the development, management and operation of wind farms in Canada and Mexico.

EDPR BR's main activities consist of the development, management and operation of wind farms in Brazil.

EDPR Group is currently developing wind onshore projects in Colombia through the companies Eolos Energía S.A.S. E.S.P. and Vientos del Norte S.A.S. E.S.P.

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 business. This entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide.

## **REGULATORY FRAMEWORK**

During the six-month period ended 30 June 2020, we emphasize the following changes:

### *Regulatory framework for the activities in Spain*

In December 2019, the CNMC (Comisión Nacional de los Mercados y la Competencia) disclosed in its website the final balance of the Spanish electricity system in 2018, delivering a surplus of 96 million Euros.

In January 2020, the CNMC's Circular 3/2020 was approved. The Circular sets the methodology to calculate access fee and removes the former 0,5€/MWh for generators. A new fee of 0,13741 €/MWh was introduced to remunerate the system operator.

On 28 February 2020, the final version of the Rinv (investment premium) adjustment was published, as in 2019 ended the second semi-regulatory period of the RD 413/2014 framework. The three main adjustments vs the previous semi-period have been the estimation of pool prices using forward prices, the so-called "factor de apuntamiento" (from 14.79% to 6.14%) and the adjustment of the OPEX to reflect the removal of the 0.5 €/MWh access fee and the inclusion of the system operator remuneration.

On 14 March 2020, Royal Decree 463/2020 entered into force, declaring the state of emergency for the management of the health crisis caused by the coronavirus (COVID-19). During extreme situations (among them, health crises) article 116 of the Spanish Constitution allows the executive to declare the state of emergency, a measure that enables it to prohibit the free movement of people throughout the country and to take all steps required to guarantee the supply of food to the nation's markets. It also allows the government to take over the means of production and requisition goods.

Initially the state of emergency was set to last until 29 March 2020 but the Congress extended it until 21 June 2020. Also, the government toughened the lockdown measures on March 28 requiring the halt of all "non-essential" activities from 30 March 2020 to 9 April 2020, including wind farms' construction. Several subsequent Royal Decrees were published during the State of Alarm. These RD included economic and social measures to fight the pandemic effects. Despite the lockdown, several consultations have been launched by the Energy Ministry (Hydrogen Strategy, Electric Energy Storage (EES), offshore strategy and FEDER auctions.

Due to the disruption caused by COVID-19, a 2-month extension (from the last day of the state of emergency) of the connection rights expiring on 31 March 2020, was decided.

The final version of the Spanish NECP (National Energy and Climate Plan) for the period 2021-2030 was sent to the European Commission. The final version did not contain changes compared to the latest draft.

The Council of Ministries approved an update on Project Law on Energy Transition and Climate, to be now passed for approval in the Spanish Parliament. The project law keeps the objective of 35% renewables in final energy in 2035 and 70% RES-E, as well as carbon neutrality and 100% RES by 2050.

Regarding auctions, the previous reference to annual volumes (3.000 MW/year) has been removed. However, the project law foresees an additional remuneration scheme (to be also awarded through auctions). Auctioned product would be power, energy or a combination of both, and it would be possible to distinguish among technologies, manageability, location and technological maturity. Auctions are likely to be different depending on the technology.

The project law also allows hybridization as long as technical requirements are met and the maximum access capacity granted is not exceeded. The project law states that a regulatory framework for electrical energy storage (EES) will be created, amending the Electricity Law 24/2013. The figure of a demand aggregator is also envisaged to allow demand to participate in ancillary and balancing services. Finally, the law opens the door to administrative authorizations allowing for more capacity than the granted access permission (therefore, overplanting would be allowed).

The project law also states that “Just Transition Strategies” will be approved every 5 years by MITECO (the Ministry for Environmental Transition) together with the Labour and Industry Ministries. These strategies will include the identification of the most vulnerable collectives and territories and will analyse employment and economic activity opportunities.

The Government approved Royal Decree Law 23/2020 of 23 June approving measures in the area of energy and other areas aimed at economic recovery. The objective of this Royal Decree Law is to guide energy policy for economic recovery, financial resource mobilisation, sustainable job creation and the requisite collaboration between budgetary, monetary, financial and structural policies. In particular, RD/2020 consists of a battery of measures intended to help the energy transition, remove barriers to the large-scale deployment of renewable energy sources and promote energy efficiency.

#### *Regulatory framework for the activities in Portugal*

In 27 December 2019, the Portuguese Government published the Dispatch n° 12424-A/2019, setting the Social Tariff, CESE (energy tax) and the tax over oil products (ISP) as the internal events to be considered in the annual study made by ERSE to set the clawback. Additionally, the DGEG (Direção-Geral de Energia e Geologia) clarified in January 2020 that the clawback only applies to renewables under market conditions (and therefore, assets under a tariff scheme or a PPA are excluded from the mechanism).

The 2020 State Budget envisaged that small producers (up to 20 MW) would be exempted from paying the CESE. Also, passive subjects with more than 60 MW under tariff schemes would also be exempted from paying the tax.

On 14 February 2020, the reference terms for capacity reservation were published. Initially, DL n° 76/2019 opened the door to capacity reservation agreements with the Transport system operator (TSO) in which generators would commit to build the interconnection infrastructure. However, given the high number of requests received, a number of technical and sustainability criteria were also included.

In Portugal, a GO (Guarantees of Origin) system was launched. From March 2020 onwards, REN will start to render, transfer and cancel GOs, while importation and exportation will be only possible from the second semester of 2020 onwards. To participate in the GO system, companies will need to pay 1.000€ upfront and 0,037€/MWh for the issuing of the corresponding GOs. Additionally, there is a cost of 250 € per installation for the services of the external audit. The “Manual de Procedimentos” setting the attributions of REN as the entity responsible for the issuing of GOs was approved by DGEG in February 2020. The DGEG (Direção-Geral de Energia e Geologia) published in May 2020 an update about the participation in the GO system. According to this update, registration shall be compulsory for renewable producers above 5 MW and high efficiency cogeneration. Until 2021YE, renewable plants <1 MW and self-consumption ones will be exempted. Registration for obliged producers shall be done in 2020 before June 30th.

In order to prevent further spread of the COVID-19, the state of emergency was declared by Presidential Decree no. 14-A/2020, of 18 March, as authorized by the Parliament’s Resolution no. 15 A/2020, of 18 March 2020. DGEG suspended all deadlines linked to licensing procedures for all electrical projects after March 16th. In particular, this suspension comprehends the deadlines for any administrative proceeding to be performed by solar promoters with projects awarded in the first solar auction (June 2019). The Emergency State was lifted on 2nd May, and replaced by the Calamity State.

On 27 March 2020, the new solar auction was announced by the Energy Secretary of State. The injection capacity to be auctioned will be of 700 MW, all in the Alentejo and Algarve areas.

According to the online information session, promoters will have the choice between the following three remuneration schemes:

- 1) A fixed guaranteed tariff structures, where the bids will express a discount to a reference price, in €/MWh. Projects would then enter into an hourly two-side CfD with OMIP for 15 years. The CfD will be settled based on the actual price captured by the specific plant;
- 2) A market scheme where the promoters bid for a contribution made to the National Electric System (SEN) in MWh and where the promoters that bid the largest contributions will be awarded with the capacity title. Participants will then commit to pay this quantity for 15 years and their projects would get their revenues from participating in the electricity market on a merchant basis;
- 3) A new system consisting of a market scheme for power plants incorporating a storage system, in which participants bid the value of the capacity payment that would like to receive in €/MW (MW of connection capacity). In exchange, they shall sign a “one-side” CfD contract (“available contract”) with REN to protect the system against price spikes events. The strike price has been defined as the expected marginal cost of a CCGT for the tenure of the CfD, and this price will be known in advance and will not be updated during the CfD term. The CfD will then only be activated when pool prices exceed the strike price. Payments will be defined in terms of €/MW of connection at each hour, regardless battery capacity and applied to 90% of the connection capacity. The availability contract settles the difference between the capacity payment and the CfD, on a monthly basis.

The pre-qualification process will open on June 8th and the auction will take place on August 24th and 25th.

On March 31st, the Law 3/2020 accompanying the State Budget was published setting the main policies and investments for the 2020-23 period. In terms of energy, the path to carbon neutrality in 2050 is set by confirming the 55% reduction target in 2030, promoting regional guidelines for carbon neutrality and envisaging the development of 5-year carbon budgets. Also, the main goals of the NECP are also confirmed by the Law (preparation works for coal phase out, installations of 2 GW of solar PV in the next 2 years, reinforcement of existing onshore, promotion of hybrid and Energy storage, offshore wind, hydrogen, etc.). Energy efficiency, e-mobility and economic incentives for decarbonization are also among the government priorities.

Additionally, on June 9th, the Council of Ministers approved the Supplementary Budget for 2020. The proposed law amends the State Budget law for 2020, allowing the materialization of the Economic and Social Stabilization Program.

#### *Regulatory framework for the activities in France*

In December 2019, the CRE (Energy Regulator) held an auction to procure 630 MW of onshore wind and results were announced on 2 April 2020. In total, 35 onshore wind facilities, amounting to 750 MW (considerably above the capacity initially targeted) were awarded a CfD. The average price of winning bids was 62,9€/MWh.

A new version of the PPE (Programmation Pluriannuelle de l'Énergie) was published for consultation until 19 February 2020. The new version of the plan that feeds France's NECP (National Energy and Climate Plan), has increased offshore wind targets vs. the previous version whilst decreased solar PV's. According to the latest version, France would need to achieve between 33,2 and 34,7 GW of onshore wind in 2028, 5,2-6,2 GW of offshore wind and 35,1-44 GW of solar PV. The PPE also includes a schedule of tenders to be held between 2020 and 2034. The final version of the PPE was approved by Law on April 24th. This version has maintained all figures of the previous draft published for consultation in February.

On 20 March, the CR 17 decree (Complément de Remunération 2017) was published, amending previous decree (Arrêté 6/05/2017). The decree aims at facilitating the transition from CR 16 to CR 17 regime. The maximum number of turbines by wind farm has been kept to 6 (from 4, in previous draft) and height limitations have still not been introduced (there will be announced in a further decree).

The French Assemblée Nationale approved on 21 March 2020, a law introducing the "State of health emergency" during the COVID-19 pandemic. The law introduces measures limiting private liberties (such as confinement and requisitions) and contains provisions regarding postponing the second round of the French municipal elections, economic measures to support the economy and other measures impacting the French justice and labour law. Measures easing restrictions across the country were applied from May 11th. Economic rescue packages could amount to up to 110 billion euros, and will include guarantees, loans, moratorium on debt repayments, among others. In the renewables sector, extensions of several deadlines have been envisaged to cope with delays and the sector has itself been declared "strategic". Test periods for CR16 and CR17 projects have been extended 3 months. Additionally, a 7-month extension of COD deadlines has been announced but will be restricted to wind and solar projects with (i) COD initially scheduled after March 12th, (ii) remuneration scheme granted before or during the period March 12th to June 23rd and (iii) nominal capacity less than 200 MW.

Also, the French Energy Ministry announced that the next onshore wind auction will be staggered in two phases. While part of the capacity (1/3, initially 250 MW) would be tendered on July 1st, the remaining capacity (2/3, this is, 500 MW) would be tendered on November 1<sup>st</sup>.

#### *Regulatory framework for the activities in Italy*

On 9 March 2020, it was imposed a national quarantine, restricting the movement of the population except for essential purchases, work, and health circumstances, in response to the growing pandemic of COVID-19 in the country. Additional lockdown restrictions mandated the temporary closure of non-essential shops and businesses. A gradual ease of restrictions started on May 4th. The government is envisaging relief measures amounting to, at least, 340 M€, covering loans to banks and businesses, moratorium for tax payments and simplification of administrative procedures. Regarding the electricity sector, several measures have been introduced, including a suspension of all bureaucratic terms for renewables since March 13th, a relief of several reporting obligations, the implementation of transitory measures between 10 March and 30 June 2020 to limit the burden of imbalance costs and an extension of all permits expired during the emergency state of 90 days, among others.

The Italian energy agency GSE (Gestore dei Servizi Energetici) announced in May 2020 the results of the second national auction for renewables projects (with a capacity of more than 1 MW). In total, 425,3 MW of clean power generation capacity was allocated, which was under the 500 MW initially available (the auction was therefore undersubscribed, and remaining volumes will be cumulated for the next auction). Wind power dominated, with 18 successful projects totalling 406 MW. Also, 19,3 MW of solar capacity was allocated across four projects. Average price was 64,6 €/MWh whilst, the lowest successful solar bid was 56€/MWh and the lowest wind offer was 56,9€/MWh. EDPR was awarded a 20-year CfD for 54 MW of wind power.

*Regulatory framework for the activities in Poland*

The Council of the Ministries published on 31 December 2019 a draft Ordinance defining volumes and values for 2020 auctions. The proposed volumes have been significantly lifted from previous versions (for onshore wind and solar PV above 1 MW it has been set at 46,29 TWh, equivalent to around 0,8 GW of onshore wind and around 0,7 GW of solar PV). In 2020, one renewable auction is expected in Q4.

On 15 January 2020, the Ministry of State Assets submitted for public consultation a draft law on the promotion of electricity generation of offshore wind farms. The proposed remuneration scheme is a 25-year CfD with profile risk fully covered. The draft Act also considers the possibility of granting support out of a tender scheme up to 4,6 GW projects (provided certain project milestones have been reached). From 2023 onwards (or once the 4,6 GW threshold is reached), offshore wind projects can participate in competitive auctions.

On 13 March 2020, the Minister of Health announced a state of epidemiological threat in Poland, which is a legal situation aimed at introducing measures to reduce the spread of COVID-19. Following the announcement, some restrictions have been approved, including the prohibition on entering the territory of Poland for foreigners, the obligation of a 14-day home quarantine or the suspension of all international flight and railway connections, among others. The restrictive measures started to be lifted on April 20th. Several economic relief measures, the so-called government anti-crisis shields, were approved since the start of the state of epidemiological threat. In particular, the following ones apply to renewable producers:

- Renewable projects awarded in the 2018 and 2019 auctions will benefit from COD extensions (up to 12 months), if some delays are proved (for example, (i) delays in the delivery of equipment that is part of the installation, (ii) in the construction or (iii) the grid connection, among others).
- Also, power companies will be obliged to adjust in the grid connection agreements the date of the first delivery, considering the deadlines extensions.

After the consultation launched in February 2020 by the Ministry of State Assets, the Ministry of Climate published in May 2020 the reference prices for 2020 auctions in May. Reference price for onshore wind has been reduced from 285 to 250 PLN/MWh. Also decreases for small and large solar PV have been decided. Regarding the upcoming auction, the volume for onshore wind and solar PV above 1 MW will be 46,29 TWh equivalent to 0,8 GW of onshore wind and 0,7 GW of solar PV.

*Regulatory framework for the activities in Romania*

At the end of 2019, the regulatory entity (ANRE) released Order 236/2019 ruling on negative prices and PPAs, following the EC mandate of removing price limits from wholesale markets. Imbalance price cap is expected to be removed in April, although it's likely that there will be delays in the implementation. Also, ANRE is already working on a single-price mechanism, also in line with European balancing guidelines (expected to be implemented by January 2021). The Order also seems to allow PPAs as energy transactions in non-regulated markets.

The State of emergency was declared on 16 March 2020, through presidential Decree 195/2020. The Decree aims at controlling the spread of COVID-19. Among others, the Decree includes restrictions of certain rights (introducing for example compulsory quarantines). It also includes the possibility of price controls for certain goods and/or services (for example, electricity prices cannot be increased over the levels applicable on the day of issuance of the Decree). The State of emergency was subsequently extended until May 16th. During the State of emergency period, the government has released several economic relief measures such as extension of payment deadlines for local taxes, a tax debt restructuring program, a reduction of the monetary interest rate, among others.

ANRE published Order 61/2020 of March 31st stating that negative prices would be allowed from September 2020 in line with Order 236/2019 published in 2019. The date to remove imbalance price cap had been postponed several times since Order 236/2019.

Emergency Ordinance 74/2020, amending the Energy Law 123 was approved on May 14th, allowing PPAs signed outside the centralized markets for new renewable projects with COD from June 2020. It seems however, that the Emergency Ordinance has been modified for its ratification in the parliament, removing the mention of the PPAs, despite being previously published in the Official Journal.

On June 11th, the Romanian Energy Ministry proposed a Memorandum with the basic characteristics of a potential CfD scheme, addressed at low carbon technologies (renewables, CCS and ESS).

### *Regulatory framework for the activities in the United States of America*

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 facilities for which construction began in 2020. The new act leaves in place the 40% PTC rate for 2019 projects, then increases the PTC to 60% for projects beginning construction in 2020. Projects beginning construction in 2021 & later will have no PTC. The act made no changes to the solar ITC.

The United States Treasury Department formally extended the eligibility deadlines for Production Tax Credits (PTC) and Investment Tax Credits (ITC) in connection with renewable facilities. The extensions are a welcomed relief for solar, wind, and other renewable energy projects navigating the uncertainties of the COVID-19 pandemic. The extensions were announced in Notice 20-41, issued May 27, 2020. The safe harbor period will now be extended to five years (previously four) to complete projects that commenced in 2016 and 2017 while maintaining PTC and ITC eligibility. Developers and investors using the 5% safe harbor retain their eligibility so long as the taxpayer (i) invested 5% of project costs by 12/31/2019, (ii) reasonably expected the delivery of equipment intended to satisfy the safe harbor within 3.5 months after the date of payment, (iii) received qualifying equipment by 10/15/2020 for equipment paid for on or after 9/16/2019.

### *Regulatory framework for the activities in Brazil*

The government has taken measures in response to COVID-19 impacts in main areas as the energy sector, by means of Decrees, Provisional Measures and changes in existing regulation. By the end of March, to ensure uninterrupted supply of energy to consumers, Decree n° 10.282/2020 reinforced electricity generation, transmission and distribution as essential activities. This included the equipment supply needed for operation and maintenance. By the end of April, the range was extended to include construction works.

ANEEL also released a first assessment of COVID-19 impacts in the energy sector, through which reinforced the need of maintenance of the economic and financial balance of contracts, preservation of contracts and the participation of all segments (generators, TSO, DSO, consumers) towards the best solutions.

Due to the uncertainties on future demand for electricity, the regulated auctions scheduled for 2020 are postponed. According to CCEE and ONS, it's also an opportunity to revisit guidelines in order to introduce cheaper and more efficient power plants. One strategy proposed is to restrict the participation in regulated auctions to thermal plants which unit variable cost (CVU) are less than R\$300/MWh, allowing for lower spot market prices (PLD).

The National Development Bank (BNDES), main financing institution has announced several measures to support sectors of oil and gas, airports, ports, energy, transportation, urban mobility, health, industry and commerce and services.

Other measures regarding public health, tax and employment rules have been announced in response to COVID-19.

## **02. ACCOUNTING POLICIES**

### **A) BASIS OF PRESENTATION**

The condensed consolidated financial statements presented reflect EDP Renováveis S.A. and its subsidiaries financial position as at 30 June 2020 and the results from operations and Group's interest in joint ventures and associated companies, consolidated cash flows and changes in consolidated equity for the six-month period ended at 30 June 2020. The Board of Directors approved these condensed consolidated financial statements on September 2, 2020. The condensed consolidated financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) no. 1606/2002 of the European Council and Parliament, of 19 July 2002, the Group's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). 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 its predecessor bodies.

The EDPR Group's condensed consolidated financial statements for the six-month period ended 30 June 2020 were prepared in accordance with IFRS as adopted by the E.U. until 30 June 2020 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group for the year ended 31 December 2019.

The Group has followed the same accounting policies and methods of computation as compared with the consolidated financial statements of the Group for the year ended 31 December 2019. 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.

As at 30 June 2020, EDP Group has not identified any significant changes in key assumptions used in impairment tests performed in the end of 2019, which could indicate that an asset may be impaired.

Selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the EDPR Group's financial position and performance since the last annual financial statements.

#### *Change in results presentation of Joint Ventures and Associated companies*

In January 2020, EDPR Group signed an agreement with ENGIE for the establishment of a joint venture company, OW Offshore, S.L., with equal control for both sides - as an exclusive investment vehicle for worldwide opportunities in wind offshore projects (fixed and floating projects), combining development and industrial skills of both companies. As part of the deal, EDPR Group and ENGIE are preparing their offshore wind projects and the in-course projects 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, EDPR Group decided to change the way how control these investments, changing the presentation of results with Joint Ventures and Associate companies in Consolidated Income Statement. Previously to this change, EDPR Group presented a caption in Consolidated Income Statement, in which reflected the only the results with Joint Ventures and Associates, being the results from acquisitions 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 EDPR Group operating activity, through which conducts its operation and strategy, EDPR Group starts including after the other operation income and costs caption, a single caption related to Joint Ventures and Associates, integrating the results from this companies as well the results from acquisitions and/or disposals in this investments.

### **03. 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.

- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material;
- IFRS 3 (Amended) - Definition of a business; and
- Amendments to References to the Conceptual Framework in IFRS.

### Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group (whose effective application date has not yet occurred, or, despite their effective dates of application, they have not yet been endorsed by the EU) are the following:

- IFRS 17 - Insurance Contracts;
- 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 16 (Amended) - Covid 19 - Related Rent Concessions; and
- IFRS 4 (Amended) - Deferral of effective dates to apply two optional solutions (temporary exemption from IFRS 9 and overlay approach).

## 04. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The critical accounting estimates and judgements made by management in applying EDPR Group's accounting policies were the same as those applied to the consolidated financial statements as at 31 December 2019, with a special note for the following items.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statements are presented fairly, in all material respects, the Group's financial position and results.

### *Fair value and classification of financial instruments*

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

### *Fair value measurement of contingent consideration*

The contingent consideration, from a business combination or a sale transaction 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 transaction. The contingent consideration is subsequently remeasured at fair value at balance sheet 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 balance sheet date. Changes in assumptions could have impact on the values of contingent assets and liabilities recognized in the financial statements.

### *Impairment of non-financial assets*

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of 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 net interest in associates is reviewed when circumstances indicate the existence of impairment.

Considering that estimated recoverable amounts related to property, plant and equipment, right of use, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affect the Group's reported results.

## 05. FINANCIAL RISK MANAGEMENT POLICIES

During the first semester of 2020, no significant changes occurred to the risks to which the Group is exposed, or to their management, compared to that has been disclosed in the last annual report period. The description of risks and of their management is disclosed in note 5 - Financial Risk Management Policies of the Annual Report of 2019. The impact of COVID-19 has been felt on the interest and exchange rates to which the EDPR Group is exposed, however the Group has not considered necessary to change its Financial Risk Management Policies. Notwithstanding the above, given that its duration and global impacts are still unknown, the EDPR Group continues to monitor the risks, seeking to anticipate and manage possible impacts.

### *Exchange-rate and interest risk management*

EDPR/EDP Group's Financial Department are responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group. Instruments used for hedging are foreign exchange derivatives, foreign exchange debt and other hedging structures with offsetting exposure versus the item to be hedged. The effectiveness of these hedges is reassessed and monitored throughout their lives. Currencies in emerging markets have suffered a depreciation following COVID-19, but net investment hedges currently in place have mitigated the potential impact in EDPR balance sheet.

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets. Whenever considered necessary and in accordance to the Group's policy, interest-rate financial instruments are contracted to hedge interest rate risks. These financial instruments hedge cash flows associated with future interest payments, converting floating rate loans into fixed rate loans. About 86% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

### *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 30 June 2020 and 2019, would lead to an increase/(decrease) in the EDPR Group results and/or equity as follows:

THOUSAND EUROS	30 JUN 2020			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD/EUR	7,651	-9,351	-63,322	77,393
	<b>7,651</b>	<b>-9,351</b>	<b>-63,322</b>	<b>77,393</b>

THOUSAND EUROS	30 JUN 2019			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD / EUR	13,257	-16,203	-57,032	69,706
	<b>13,257</b>	<b>-16,203</b>	<b>-57,032</b>	<b>69,706</b>

This analysis assumes that all other variables, namely interest rates, remain unchanged.

### *Sensitivity analysis - Interest rates*

Based on the EDPR Group debt portfolio and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 50 basis points in the interest rates with reference to 30 June 2020 and 2019 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	30 JUN 2020			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
	Cash flow hedge derivatives	-	-	5,730
Unhedged debt (variable interest rates)	-2,416	2,416	-	-
	<b>-2,416</b>	<b>2,416</b>	<b>5,730</b>	<b>-2,657</b>

THOUSAND EUROS	30 JUN 2019			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	5,745	-4,749
Unhedged debt (variable interest rates)	-3,648	3,648	-	-
	<b>-3,648</b>	<b>3,648</b>	<b>5,745</b>	<b>-4,749</b>

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

### Counter-party credit-rate risk management

The EDP Renováveis Group counter-party risk exposure in financial and non-financial transactions is managed by an analysis of technical capacity, competitiveness and probability of default to the counter-party. EDP Renováveis has defined a counter-party risk policy inspired in Basel III, which is implemented across all departments in all EDP Renováveis geographies. Impairment losses are determined using the simplified approach precluded in IFRS 9, based on life time expected losses.

Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

Regarding specific counter-party exposure caused by COVID-19, there has been an increase in exposure from Electricity and GC hedges and a general deterioration of the financial situation of counterparties across the globe. However, the impact for EDPR has been low and is expected to remain low.

### Liquidity risk

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities who manages the Group 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.

The Directors have estimated cash flows that show that the Group will meet the commitments foreseen for 2020.

The maturity analysis for financial debt (see note 31), including expected future interests, is as follows:

THOUSAND EUROS	JUN 2021	DEC 2021	DEC 2022	DEC 2023	DEC 2024	FOLLOWING YEARS	TOTAL
Bank loans	76,939	27,578	64,061	73,169	66,369	318,618	626,734
Loans received from EDP Group	850,190	-	542,003	483,045	465,426	444,529	2,785,193
Other loans	143	60	34	209	-	-	446
Expected future interests	83,161	45,308	83,084	68,152	46,215	112,794	438,714
	<b>1,010,433</b>	<b>72,946</b>	<b>689,182</b>	<b>624,575</b>	<b>578,010</b>	<b>875,941</b>	<b>3,851,087</b>

### Market price risk

As of June 30, 2020, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain, France, Italy and Portugal through regulated tariffs whether in Romania the green certificates have a floor and in Poland some plants sell their electricity and green certificates under power purchase agreements with fixed price.

With COVID-19, market prices have dropped in most of EDPR geographies due to the reduction in demand following the lockdown and the decrease in economic activity. However, impact of lower energy prices on EDPR's results is expected to be low, as EDPR's marginal merchant exposure is mostly hedged for 2020 and 2021, and fairly hedged beyond.

**06. CONSOLIDATION PERIMETER**

During the six-month period ended in 30 June 2020, the changes in the consolidation perimeter of the EDP Renováveis Group were:

**Companies acquired:**

- 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 65% of the company Aliseo, S.r.l. and 60% of the company Energia Emissioni Zero 4, S.r.l.;
- EDP Renewables Polska, Sp. zo.o. acquired 100% of the company Wind Field Wielkopolska, Sp. zo.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.

These acquisitions were classified as an asset purchase, out of the scope of IFRS 3 – Business Combinations, due to the substance of the transactions, the type of assets acquired and the very early stage of the projects;

**Companies sold and liquidated:**

- The companies Frontier Beheer Nederland, B. V. and Frontier, C.V., were liquidated.

**Companies Incorporated:**

- |   |                                   |
|---|-----------------------------------|
| • Vanosc Energie, S.A.S.;               | • RTSW Solar Park VI LLC*         |
| • Transition Euroise Roman II, S.A.S.;  | • EDPR Wind Ventures XXII LLC*    |
| • Mordel Limited;                       | • 2020 Vento XXII LLC*            |
| • EDPR Offshore South Korea Co., Ltd.;  | • Rosewater Ventures LLC*         |
| • Duff Solar Park II LLC*               | • Timber Road II Storage LLC*     |
| • EDPR Northeast Allen Solar Park LLC*  | • Timber Road III Storage LLC*    |
| • Indiana Crossroads Solar Park II LLC* | • Top Crop I Storage LLC*         |
| • RTSW Solar Park LLC*                  | • Top Crop II Storage LLC*        |
| • RTSW Solar Park II LLC*               | • Twin Groves I Storage LLC*      |
| • RTSW Solar Park III LLC*              | • Twin Groves II Storage LLC*     |
| • RTSW Solar Park IV LLC*               | • Cattlemen Solar Park LLC*       |
| • RTSW Solar Park V LLC*                | • Rail Splitter Wind Farm II LLC* |

\* EDPR Group holds, through its subsidiary EDPR NA, a set of subsidiaries legally established in the United States without share capital and that, as at 30 June 2020, do not have any assets, liabilities, or any operating activity.

**Other changes:**

- A joint control partnership has been executed following the strategic memorandum of understanding dated May 2019 and signed between EDPR and ENGIE by which a co-controlled 50/50 joint venture in fixed and floating offshore wind business, OW Offshore S.L., has been established. As a result of this transaction, EDPR has registered a gain in the amount of 157,674 thousand Euros in the other income caption of the consolidated income statement (see note 9);
- EDPR owns 100% of Nation Raise LP through Quatro Limited Partnership 99,99% and Nation Rise Wind Farm GP Inc. 0,01%. See note 20.

## 07. REVENUES

Revenues are analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
<b>REVENUES BY BUSINESS AND GEOGRAPHY</b>		
Electricity in Europe	413,936	512,960
Electricity in North America	363,846	346,140
Electricity in Brazil	15,435	30,557
	<b>793,217</b>	<b>889,657</b>
Other revenues	5,174	5,770
	<b>798,391</b>	<b>895,427</b>
<b>Services rendered</b>	<b>7,372</b>	<b>1,559</b>
<b>CHANGES IN INVENTORIES AND COST OF RAW MATERIAL AND CONSUMABLES USED</b>		
Cost of consumables used	2,684	5,565
Changes in inventories	-12	7,909
	<b>2,672</b>	<b>13,474</b>
<b>TOTAL REVENUES</b>	<b>808,435</b>	<b>910,460</b>

The breakdown of revenues by segment is presented in the segmental reporting (see note 42).

## 08. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

Income from institutional partnership in U.S. Wind Farms in the amount of 104,560 thousand Euros (30 June 2019: 94,653 thousand Euros), includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Sol I and II, Blue Canyon I and Vento I to XVIII (see note 33).

## 09. OTHER INCOME

Other income is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
Amortisation of deferred income related to power purchase agreements	1,163	1,277
Contract and insurance compensations	12,713	7,427
Gains on disposals	157,674	218,932
Other income	22,256	25,410
	<b>193,806</b>	<b>253,046</b>

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousand of USD and booked as a non-current liability (see note 34). This liability is amortised over the period of the agreements against other income. As at 30 June 2020, the amortisation for the period amounts to 1,163 thousand Euros (30 June 2019: 1,277 thousand Euros) and the non-current liability amounts to 8,193 thousand Euros (31 December 2019: 9,318 thousand Euros).

As at 30 June 2020, the caption Gains on disposals includes the gain amounting to 157,674 thousand Euros resulting from loss of control in the EDPR's offshore business as a consequence of the the joint control partnership in this business following the strategic memorandum of understanding dated May 2019 and signed between EDPR and ENGIE by which a co-controlled 50/50 joint venture in fixed and floating offshore wind business, OW Offshore, S.L., has been established (see note 6).

Significant amounts within other income caption includes: i) management and cost reinvoicing for UK offshore projects in the amount of 8,836 thousand Euros; and ii) price adjustment amounting to 3,634 thousand Euros according to the corresponding agreement in the transaction of selling 49% of Baixas de Feijão portfolio of companies to CTG that took place in 2015.

As at 30 June 2019, the caption Gains on disposals mainly included the gain related to the sale of the EDPR's stake of 51% in the companies Beta Participaciones Ibérica, S.L. (formerly EDPR Participaciones, S.L.U.) and BETA Renewables France S.A.S. (formerly EDP Renewables France, S.A.S.) and subsidiaries in the amount of 218,931 thousand Euros.

## 10. SUPPLIES AND SERVICES

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
Rents and leases	12,941	11,428
Maintenance and repairs	90,488	98,208
<b>SPECIALISED WORKS:</b>		
- IT Services, legal and advisory fees	3,337	3,896
- Shared services	6,743	4,259
- Other services	14,466	7,568
Other supplies and services	19,180	22,138
	<b>147,155</b>	<b>147,497</b>

## 11. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
<b>PERSONNEL COSTS</b>		
Board remuneration (see note 39)	284	307
Remunerations	56,751	49,322
Social charges on remunerations	9,635	8,667
Employee's variable remuneration	12,833	10,659
Other costs	1,480	2,342
Own work capitalised (see note 16)	-18,213	-15,362
	<b>62,770</b>	<b>55,935</b>
<b>EMPLOYEE BENEFITS</b>		
Costs with pension plans	3,148	2,873
Costs with medical care plans and other benefits	4,731	4,197
	<b>7,879</b>	<b>7,070</b>
	<b>70,649</b>	<b>63,005</b>

As at 30 June 2020, Costs with pension plans relates essentially to defined contribution plans in the amount of 3,088 thousand Euros (30 June 2019: 2,816 thousand Euros) and defined benefit plans amounting to 2 thousand Euros (7 thousand Euros as at 30 June 2019).

The breakdown by gender of the permanent staff as of 30 June 2020 and 2019 is as follows:

	30 JUN 2020	30 JUN 2019
Male	1,106	1,006
Female	504	454
	<b>1,610</b>	<b>1,460</b>

In the companies in Spain where there is a legal obligation to have people with disabilities in the workforce to comply with the LISMI due to the number of employees, EDPR has opted for the exceptionality measures provided by the Law. The Company is able to comply with the quota that legally applies to it through contracts of goods or services with companies that promote the hiring of disabled people and also through donations. EDPR's companies under this obligation are covered with the exceptionality measures since February 2018 and for a period of three years.

## 12. OTHER EXPENSES

Other expenses are analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
Taxes	60,433	58,530
Losses on fixed assets	516	300
Other costs and losses	29,958	27,572
	<b>90,907</b>	<b>86,402</b>

The caption Taxes, on 30 June 2020, includes the amount of 13,935 thousand Euros (30 June 2019: 7,391 thousand Euros) related to taxes for energy generators in Spain, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm. The increase with respect to the first half of 2019 is related to the entry into force in 2018 of the Spanish Royal Decree 15/2018 by which the electricity produced and incorporated into the electricity system was exonerated from said tax for a period of six months, i.e. the last quarter of 2018 and the first quarter of 2019.

Other costs and losses includes an amount of 12,462 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 24).

### 13. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Buildings and other constructions	907	649
Plant and machinery	274,327	277,720
Other	2,375	5,190
Impairment loss	-	-
	<b>277,609</b>	<b>283,559</b>
<b>RIGHT-OF-USE ASSETS</b>		
Right-of-use assets	17,607	16,593
<b>INTANGIBLE ASSETS</b>		
Industrial property, other rights and other intangibles	5,392	2,026
	<b>5,392</b>	<b>2,026</b>
Amortisation of deferred income (Government grants)	-8,578	-8,704
	<b>292,030</b>	<b>293,474</b>

Amortisation of deferred income (Government grants) refers to grants for fixed assets received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States that are amortised through the recognition of revenue in the income statement over the useful life of the related assets (see note 34).

### 14. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
<b>FINANCIAL INCOME</b>		
Interest income	8,834	9,407
Derivative financial instruments:		
Interest	581	862
Fair value	6,107	4,867
Foreign exchange gains	29,742	9,233
Other financial income	357	335
	<b>45,621</b>	<b>24,704</b>
<b>FINANCIAL EXPENSES</b>		
Interest expense	73,218	94,399
Derivative financial instruments:		
Interest	31,396	44,621
Fair value	2,883	3,101
Foreign exchange losses	42,407	10,386
Own work capitalised	-10,216	-7,657
Unwinding	65,902	60,721
Other financial expenses	3,635	7,762
	<b>209,225</b>	<b>213,333</b>
<b>NET FINANCIAL INCOME / (EXPENSES)</b>	<b>-163,604</b>	<b>-188,629</b>

Derivative financial instruments include interest liquidations on the derivative financial instrument established between EDPR and EDP Finance BV and EDP - Energias de Portugal, S.A. (see notes 24, 35 and 37).

In accordance with the corresponding accounting policy, the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 30 June 2020 amounted to 10,216 thousand Euros (at 30 June 2019 amounted to 7,657 thousand Euros) (see note 16), which are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans' Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to: (i) the implied return in institutional partnerships in U.S. wind farms amounting to 48,073 thousand Euros (30 June 2019: 43,782 thousand Euros) (see note 33); (ii) financial update of lease liabilities in the amount of 14,960 thousand Euros due to the implementation of IFRS 16 on 1 January 2019 (see note 35); and (iii) financial update of provisions for dismantling and decommissioning of wind farms in the amount of 2,761 thousand Euros (30 June 2019: 2,795 thousand Euros) (see note 32).

## 15. INCOME TAX EXPENSE AND EXTRAORDINARY CONTRIBUTION TO THE ENERGY SECTOR (CESE)

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at the level of the EDPR Group, on a consolidated basis. In general terms, the analysis on the reconciliation between the theoretical and the effective income tax rate aims at quantifying the impact of the income tax, recognised in the income statement, which includes both current and deferred tax. The note also includes an analysis on the extraordinary contribution to the energy sector (CESE).

As the EDPR 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 EDPR Group for the corresponding reporting period.

*Main features of the tax systems of the countries in which the EDP Renewables Group operates*

The statutory corporate income tax rates applicable in the countries in which EDP Renewables Group operates are as follows:

COUNTRY	30 JUN 2020	30 JUN 2019
<b>EUROPE:</b>		
Belgium	25%	29,58%
France	28%	28% - 32,02%
Italy	24% - 28,8%	24% - 28,8%
Poland	19%	19%
Portugal	21% - 31,5%	21% - 31,5%
Romania	16%	16%
Spain	25%	25%
Greece	24%	24%
<b>AMERICA:</b>		
Brazil	34%	34%
Canada	26,50%	26,50%
Mexico	30%	30%
Colombia	32%	33%
United States of America	24,91%	24,91%

EDP Renováveis S.A. and its subsidiaries file individual tax returns in accordance with the applicable tax legislation. Nevertheless, the company and the majority of its Spanish subsidiaries are taxed under the tax consolidation group regime foreseen in the Spanish law. EDP - Energias de Portugal, S.A. - Sucursal en España (Branch) is the dominant company of this Group, which includes other subsidiaries that are not within the renewables energy industry.

As per the applicable tax legislation, tax periods may be subject to inspection by the various Tax Administrations during a limited number of years. Statutes of limitation differ from country to country as follows: USA, Belgium, Colombia and France: 3 years; Spain and Portugal: 4 years; Brazil, Romania, Poland, Italy, Greece and Mexico: 5 years; and Canada: 10 years. Notwithstanding this, it is important to note that, in case of Portugal and France, if tax losses/credits being carried-forward are utilized, the statute of limitation is extended to the years when such tax losses/credits were generated. In Spain, tax losses may be subject to the Tax Authorities' verification up to 10 years after they are generated; once this period has expired, taxpayers must prove the origin of the tax losses whose utilization is intended.

Tax losses generated each year are also subject to Tax Administrations' review and reassessment. As per the legislation currently in force, losses may be used to offset yearly taxable income assessed in the subsequent periods as follows: 5 years in Portugal, Greece and Poland; 7 in Romania; 10 in Mexico; 12 in Colombia; 20 in Canada; and indefinitely in the United States, Spain, France, Italy, Belgium and Brazil. Notwithstanding this, it is important to note that, in some geographies, tax losses generated in previous years might be subject to the limitation period that was applicable at the moment when they were generated (e.g., Portugal and the United States). Moreover, in France tax losses in a given year may be carried back against the taxable base assessed in the previous tax year, and in Canada in the 3 previous years. Notwithstanding this, the deduction of tax losses in the USA, Portugal, Spain, Brazil, France, Italy, the United Kingdom and Poland is limited to a percentage of the taxable income of each period, or subject to other limitations.

EDP Renováveis Group companies may, in accordance with the law, benefit from certain tax benefits or incentives under specific conditions. Most importantly, Production Tax Credits in the US which are the dominant form of wind remuneration in that country, and represent an extra source of revenue per unit of electricity over the first 10 years of the asset's life. Wind farms that qualify for the application of the PTC prior to 1 January 2017, benefit from 100% of the credit (\$28/MWh in 2018, \$25/MWh in 2019 – the rate is adjusted each year for inflation). The PTC amount is reduced by 20% for wind farms qualifying in 2017, 40% in 2018 and 60% in 2019. On December 20th, 2019, the Taxpayer Certainty and Disaster Tax Relief Act extended the current PTC for an additional year: wind farms the construction of which begins during 2020 will qualify for the PTC at a rate of 60%.

Transfer pricing legislation is duly complied with by EDP Renováveis Group. Its policy follows the rules, guidelines and best international practices applicable across all geographies where the Group operates, in due compliance with the spirit and letter of the Law.

During 2020, the EDPR Group has various tax audits regarding different topics. The most relevant ones the general tax audit in Spain. The process is still ongoing; however, EDPR does not expect any further liability than the ones already recorded in the companies' accounts at June 30, 2020.

### Changes in the tax law with relevance to the EDP Renewables Group in 2020

As from 2020, the statutory CIT rates applicable in Belgium, France and Colombia are reduced as follows:

- In Belgium, with effect from January 1st, 2020, the standard rate of CIT is reduced to 25% and the austerity surcharge is abolished.
- In France, the Finance Bill 2018 voted on December 30th, 2017 (LOI n° 2017-1837 du 30 décembre 2017 de finances pour 2018) approved a progressive reduction of the general CIT rate to 25% by 2022. For fiscal years starting in 2020, the CIT rate amounts to 28%.
- In Colombia, the CIT rate is lowered from 33% to 32%. A further progressive reduction of 1% per year is expected until year 2022, dropping the final CIT rate to 30%.

### Corporate income tax provision

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
Current tax	-19,555	-31,855
Deferred tax	16,365	-13,687
<b>INCOME TAX EXPENSE</b>	<b>-3,190</b>	<b>-45,542</b>

The effective income tax rate as at 30 June 2020 and 2019 is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
Profit before tax	337,342	482,668
Income tax expense	-3,190	-45,542
Effective Income Tax Rate	0.95%	9.44%

The difference between the theoretical and the effective income tax expense, results from the application of the law provisions in the determination of the tax base, as demonstrated below.

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 30 June 2020 and 2019 is analysed as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
Profit before taxes	337,342	482,668
Nominal income tax rate (*)	25,00%	25,00%
<b>Theoretical income tax expense</b>	<b>-84,336</b>	<b>-120,667</b>
Fiscal revaluations, amortization, depreciation and provisions	-1,665	-2,059
Tax losses and tax credits	20,353	369
Financial investments in associates	531	821
Differences between tax and accounting gains and losses	34,816	70,780
Effect of tax rates in foreign jurisdictions and CIT rate changes	1,809	581
Taxable differences attributable to non-controlling interests (USA)	8,843	8,786
Other	16,459	-4,153
<b>EFFECTIVE INCOME TAX EXPENSE AS PER THE CONSOLIDATED INCOME STATEMENT</b>	<b>-3,190</b>	<b>-45,542</b>

(\*) Statutory corporate income tax rate applicable in Spain

The main captions are the following:

The caption "Tax losses and tax credits" mainly reflects the effect of the aboverferred PTCs retained by EDPR North America and the effect of tax losses in different geographies.

The caption "Difference between tax and accounting gains and losses" refers to changes in the Group's perimeter not subject to income taxes.

The caption "Taxable differences attributable to non-controlling interests (USA)" essentially includes the effect inherent to the attribution of taxable income to non-controllable interests in the subgroup EDPR NA, as determined by the tax legislation of that geography.



**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 an extraordinary contribution applicable to the energy sector (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 CESE system has been successively extended and is now valid for 2019 through Law n° 71/2018 of 31 December having the Portuguese government extended the CESE to renewables.

As at June 30, 2020, EDPR Group recorded in the Income Statement a value for this contribution of 3,173 thousand Euros.

**16. PROPERTY, PLANT AND EQUIPMENT**

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>COST</b>		
Land and natural resources	30,687	31,724
Buildings and other constructions	15,307	15,666
Plant and machinery:		
- Renewables generation	17,087,158	17,396,990
- Other plant and machinery	9,761	9,764
Other	61,909	61,600
Assets under construction	1,832,713	1,446,787
	<b>19,037,535</b>	<b>18,962,531</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>		
Depreciation charge	-277,609	-551,106
Accumulated depreciation in previous years	-5,354,221	-4,993,990
Impairment losses	-	-15,380
Impairment losses in previous years	-149,883	-138,195
	<b>-5,781,713</b>	<b>-5,698,671</b>
<b>CARRYING AMOUNT</b>	<b>13,255,822</b>	<b>13,263,860</b>

The movement in Property, plant and equipment for the six-month period ended 30 June 2020, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 30 JUN
<b>COST</b>							
Land and natural resources	31,724	45	-1,060	-	-149	127	30,687
Buildings and other constructions	15,666	-	-	-	-359	-	15,307
Plant and machinery	17,406,754	3,682	-4,001	289,805	-101,421	-497,900	17,096,919
Other	61,600	856	-515	169	16	-217	61,909
Assets under construction	1,446,787	581,944	-	-289,974	-38,434	132,390	1,832,713
	<b>18,962,531</b>	<b>586,527</b>	<b>-5,576</b>	<b>-</b>	<b>-140,347</b>	<b>-365,600</b>	<b>19,037,535</b>

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 30 JUN
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>							
Buildings and other constructions	11,513	907	-	-	-119	-	12,301
Plant and machinery	5,567,922	274,326	-	-3,687	-22,160	-166,014	5,650,387
Assets under construction	76,129	-	-	-	-2,276	-	73,853
Other	43,107	2,376	-	-499	21	167	45,172
	<b>5,698,671</b>	<b>277,609</b>	<b>-</b>	<b>-4,186</b>	<b>-24,534</b>	<b>-165,847</b>	<b>5,781,713</b>

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Additions include the investment in wind farms and solar plants under development and construction mainly in the United States of America, Spain, Italy, France, Brazil and Portugal. This caption also includes the allocation of the acquisition cost of certain companies due to the nature of the transactions, the type of assets and the initial stage of completion of the projects acquired (see note 6). The most significant ones, including additions from their acquisition, are:

- Mexican company Parque Solar Los Cuervos, S. de R.L. de C.V. in the amount of 69,355 thousand Euros
- Polish company Wind Field Wielkopolska, Sp. zo.o in the amount of 25,628 thousand Euros;
- Italian companies Energia Emissioni Zero 4, S.r.l. and Aliseo, S.r.l. totaling 13,177 thousand Euros;
- French company Société D'Exploitation du Parc Eolien Source de Sèves, S.A.R.L. in the amount of 7,463 thousand Euros.

Transfers from assets under construction into operation refer to wind and solar farms that become operational in the United States, Spain and France.

Exchange differences are mainly generated by the variation in the exchange rate of the Brazilian Real, Polish Zloty and US Dollar.

The caption Changes in perimeter/Other mainly includes a decrease amounting -332,399 thousand Euros, net of accumulated depreciation, due to the reclassification to held for sale of the assets of the certain portfolio of Spanish companies (see note 27).

The Company has taken out an insurance global program to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

Loans with credit institutions formalized as 'Project Finances' are secured by the shares of the corresponding wind farms and, ultimately, by the fixed assets of the wind farm to which the financing is related (see note 31). Additionally, the construction of certain assets has been partly financed by grants received from different Government Institutions.

Assets under construction as at 30 June 2020 and 2019 are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
EDPR EU Group	461,336	345,918
EDPR NA Group	1,188,990	1,003,395
Others	182,387	97,474
	<b>1,832,713</b>	<b>1,446,787</b>

Others mainly include assets related to Brazil.

Assets under construction as at 30 June 2020 are essentially related to wind and solar farms under construction and development in the United States of America, Poland, Canada, France, Mexico, Brazil and Spain.

Financial interests capitalized during the period amount to 10,216 thousand Euros as at 30 June 2020 (30 June 2019: 7,657 thousand Euros) (see note 14).

Personnel costs capitalised during the period amount to 18,213 thousand Euros as at 30 June 2020 (30 June 2019: 15,362 thousand Euros) (see note 11).

The EDP Renováveis Group has purchase obligations disclosed in Note 38 - Commitments.

## 17. RIGHT OF USE ASSETS

In the context of the adoption of IFRS 16 as of 1 January 2019, the caption Right of use assets was created, which presents the following detail:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>COST</b>		
Land and natural resources	656,887	625,386
Buildings and other constructions	18,975	17,710
Plant and machinery:	123	166
Other	3,390	3,196
	<b>679,375</b>	<b>646,458</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>		
Depreciation charge	-17,607	-30,494
Accumulated depreciation in previous years	-29,119	-
	<b>-46,726</b>	<b>-30,494</b>
<b>CARRYING AMOUNT</b>	<b>632,649</b>	<b>615,964</b>

The movements in Right of use assets, for the Group, for the period ended 30 June 2020, are as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 30 JUN
<b>COST</b>							
Land and natural resources	625,386	33,469	-	-	-2,177	209	656,887
Buildings and other constructions	17,710	1,926	-306	-	-355	-	18,975
Plant and machinery:	166	-	-	-	-43	-	123
Other	3,196	233	-9	-	-30	-	3,390
	<b>646,458</b>	<b>35,628</b>	<b>-315</b>	<b>-</b>	<b>-2,605</b>	<b>209</b>	<b>679,375</b>

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER/ OTHER	BALANCE AT 31 DEC
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>							
Land and natural resources	25,064	14,068	-	-	-234	-703	38,195
Buildings and other constructions	4,353	2,974	-	-148	-67	-199	6,913
Plant and machinery:	5	2	-	-	-2	-	5
Other	1,072	563	-	-4	-12	-7	1,612
	<b>30,494</b>	<b>17,607</b>	<b>-</b>	<b>-152</b>	<b>-315</b>	<b>-909</b>	<b>46,725</b>

Additions mainly refer to land leases related to wind and solar farms in the United States of America, France and Poland.

## 18. INTANGIBLE ASSETS

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>COST</b>		
Industrial property, other rights and other intangible assets	346,582	345,384
Concession Rights	18,228	15,182
Intangible assets under development	49,196	44,906
	<b>414,006</b>	<b>405,472</b>
<b>ACCUMULATED AMORTISATION</b>		
Amortisation charge	-5,392	-9,942
Accumulated amortisation in previous years	-103,029	-92,949
Impairment losses	-	-
Impairment losses in previous years	-11,958	-12,264
	<b>-120,379</b>	<b>-115,155</b>
<b>CARRYING AMOUNT</b>	<b>293,627</b>	<b>290,317</b>

Industrial property, other rights and other intangible assets mainly include:

- Generated green certificates pending to be sold amounting to 155,354 thousand Euros (31 December 2019: 152,940 thousand Euros).
- Software and applications in the amount of 87,476 thousand Euros;
- Wind generation licenses amounting to 70,382 thousand Euros in the EDPR NA Group (31 December 2019: 72,649 thousand Euros);

The movement in Intangible assets for the six-month period ended 30 June 2020, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	TRANSFERS	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 30 JUN
<b>COST</b>						
Industrial property, other rights and other intangible assets	345,384	2,821	1,044	-2,326	-341	346,582
Concession rights	15,182	-	2,753	-38	331	18,228
Intangible assets under development	44,906	8,545	-3,837	1	-419	49,196
	<b>405,472</b>	<b>11,366</b>	<b>-40</b>	<b>-2,363</b>	<b>-429</b>	<b>414,006</b>

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	TRANSFERS	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 30 JUN
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES</b>						
Industrial property, other rights and other intangible assets	110,713	4,927	-	-151	-120	115,369
Concession Rights	4,442	465	-	-15	118	5,010
	<b>115,155</b>	<b>5,392</b>	<b>-</b>	<b>-166</b>	<b>-2</b>	<b>120,379</b>

Additions include the recognition of deferred green certificates rights in Romania and Poland in the amount of 4,455 thousand Euros and 3,118 thousand Euros respectively.

## 19. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Goodwill booked in EDPR EU Group:	429,245	495,516
- EDPR Spain Group	322,268	388,180
- EDPR France Group	25,904	25,904
- EDPR Portugal Group	43,712	43,712
- Other	37,361	37,720
Goodwill booked in EDPR NA Group	705,036	702,818
Goodwill booked in EDPR BR Group	647	876
	<b>1,134,928</b>	<b>1,199,210</b>

The movements in Goodwill, by subgroup, during the six-month period ended 30 June 2020 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 30 JUN
EDPR EU Group:						
- EDPR Spain Group	388,180	-	-	-	-65,912	322,268
- EDPR France Group	25,904	-	-	-	-	25,904
- EDPR Portugal Group	43,712	-	-	-	-	43,712
- Other	37,720	-	-	-359	-	37,361
EDPR NA Group	702,818	-	-	2,218	-	705,036
EDPR BR Group	876	-	-	-229	-	647
	<b>1,199,210</b>	<b>-</b>	<b>-</b>	<b>1,630</b>	<b>-65,912</b>	<b>1,134,928</b>

Other includes the decrease in the amount of 65,912 thousand Euros due to the reclassification to held-for-sale of assets and liabilities of certain portfolio of Spanish companies (see note 27).

## 20. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>INVESTMENTS IN ASSOCIATES</b>		
Interests in joint ventures	432,322	429,743
Interests in associates	28,217	30,442
<b>CARRYING AMOUNT</b>	<b>460,539</b>	<b>460,185</b>

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 December 6th, 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 May 13, 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 own 100% of the project. This implies a decrease in the amount of -10,861 thousand Euros in interests in joint ventures caption.

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 business. This entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide (see note 6). This implies an increase in the amount of 14,224 thousand Euros in interests in joint ventures caption.

## 21. DEFERRED TAX ASSETS AND LIABILITIES

EDP Renováveis 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 30 June 2020 on a consolidated basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

THOUSAND EUROS	NET DEFERRED TAX ASSETS				
	BALANCE AT 01.01.2020	MOV. RESULTS	MOV. RESERVES	PERIMETER VARIATIONS, EXCHANGE DIFFERENCES AND OTHERS	BALANCE AT 30.06.2020
Tax losses and tax credits	701,336	12,182	-	712	714,230
Provisions	11,538	-892	-	-4,196	6,450
Financial instruments	14,305	209	-3,380	-3,169	7,965
Property plant and equipment	52,232	3,869	-	-1,690	54,411
Non-deductible financial expenses	35,502	8	-	154	35,664
Other temporary differences	40,605	-2,516	3,857	1,324	43,270
Assets/liabilities compensation of deferred taxes	-729,346	-17,871	-1,068	2,360	-745,925
	<b>126,172</b>	<b>-5,011</b>	<b>-591</b>	<b>-4,505</b>	<b>116,065</b>

THOUSAND EUROS	NET DEFERRED TAX LIABILITIES				
	BALANCE AT 01.01.2020	MOV. RESULTS	MOV. RESERVES	PERIMETER VARIATIONS, EXCHANGE DIFFERENCES AND OTHERS	BALANCE AT 30.06.2020
Financial instruments	6,119	2,351	11,128	7	19,605
Property plant and equipment	323,362	-18,241	-	1,592	306,713
Allocation of fair value to assets and liabilities acquired	384,082	4,695	-	-14,304	374,473
Income from institutional partnerships (US wind farms)	348,976	7,756	29	1,123	357,884
Other temporary differences	26,870	2,013	858	2,921	32,662
Assets/liabilities compensation of deferred taxes	-733,925	-21,080	-1,031	-1,156	-757,192
	<b>355,484</b>	<b>-22,506</b>	<b>10,984</b>	<b>-9,817</b>	<b>334,145</b>

## 22. INVENTORIES

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Advances on account of purchases	3,659	669
Finished and intermediate products	20,247	13,352
Raw and subsidiary materials and consumables	21,532	20,064
	<b>45,438</b>	<b>34,085</b>

## 23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES - NON-CURRENT</b>		
Trade receivables	881	1,355
Deferred costs	19,154	15,369
Sundry debtors and other operations	2,682	2,216
	<b>22,717</b>	<b>18,940</b>
<b>DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES - CURRENT</b>		
Trade receivables	187,865	228,188
Services rendered	24,013	5,808
Advances to suppliers	1,873	6,160
Sundry debtors and other operations	51,996	45,103
	<b>265,747</b>	<b>285,259</b>
Impairment losses	-1,302	-1,187
	<b>287,162</b>	<b>303,012</b>

The amount of trade receivables-current as at 30 June 2020 principally refers to EDPR EU in the amount of 81,890 thousand Euros (118,490 thousand Euros as at 31 December 2019) and to EDPR NA in the amount of 96,481 thousand Euros (86,374 thousand Euros as at 31 December 2019), which mainly includes electricity generation invoicing.

The caption of Debtors and other assets from commercial activities – Current includes 1,302 thousand Euros of impairment losses under the new expected credit loss model recommended by IFRS 9, with no significant changes during the year.

Sundry debtors and other operations – current include deferred costs in the amount of 37,842 thousand Euros (30,658 thousand Euros as at 31 December 2019).

The credit risk analysis is disclosed in note 5, under the Counterparty credit risk management section.

## 24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>OTHER DEBTORS AND OTHER ASSETS - NON-CURRENT</b>		
Loans to related parties	859	2,686
Derivative financial instruments	41,765	11,081
Sundry debtors and other operations	158,861	93,429
	<b>201,485</b>	<b>107,196</b>
<b>OTHER DEBTORS AND OTHER ASSETS - CURRENT</b>		
Loans to related parties	197,726	8,234
Derivative financial instruments	47,501	20,347
Sundry debtors and other operations	59,351	364,789
	<b>304,578</b>	<b>393,370</b>
	<b>506,063</b>	<b>500,566</b>

Sundry debtors and other operations- non current mainly include: (i) 67,800 thousand Euros and 24,926 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 (ii) 25,397 thousand Euros mainly related to Interconnection and transmission deposits in EDPR NA; (iii) 16,352 thousand Euros as advances for the acquisition of the Italian project Aria del Vento; and (iv) 13,056 thousand Euros as part of the price adjustment, according to the corresponding agreements, in the transaction of selling 49% of EDP Renováveis Portugal S.A to CTG that took place in 2013.

Loans to related parties - Current mainly include loans granted to the equity consolidated company OW Offshore S.L. in the amount of 188,614 thousand Euros and Parque Eólico Sierra del Madero, S.A. in the amount of 8,125 thousand Euros as at 30 June 2020.

Significant decrease in Sundry debtors and other operations mainly refer to i) proceeds received in 2020 in the amount of 132,227 thousand Euros related to the sale at the end of 2019 of the Brazilian portfolio of companies Babilônia; ii) a decrease amounting to 123,041 thousand Euros related to financing proceeds of Nation Rise project (see note 20) and iii) proceeds received in 2020 for loans related with the transaction of acquisition of the certain projects in 2019 by the Joint Ventures Goldfinger Ventures and Goldfinger Ventures II that amounted to 54,506 thousand Euros as at 31 December 2019.

For derivatives, refer to note 37.

## 25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Income tax	15,595	17,985
Value added tax (VAT)	81,461	29,266
Other taxes	8,315	8,279
	<b>105,371</b>	<b>55,530</b>

## 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>Cash</b>	<b>17</b>	<b>38</b>
<b>BANK DEPOSITS</b>		
Current deposits	199,426	95,347
Term deposits	91,477	49,419
Specific demand deposits in relation to institutional partnerships	-	60,957
	<b>290,903</b>	<b>205,723</b>
<b>Other short-term investments</b>	<b>61,379</b>	<b>375,998</b>
	<b>352,299</b>	<b>581,759</b>

Term deposits include temporary financial investments to place treasury surpluses.

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 33). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

The caption "Other short-term investments" essentially included, as at 30 June 2020 and 2019, the debit balance of the current account with EDP Servicios Financieros España S.A. in accordance with the terms and conditions of the contract signed between the parties (see note 39).

## 27. ASSETS AND LIABILITIES HELD FOR SALE

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020		31 DEC 2019	
	ASSETS HELD FOR SALE	LIABILITIES HELD FOR SALE	ASSETS HELD FOR SALE	LIABILITIES HELD FOR SALE
Electricity generation assets – Onshore	445,335	135,169	-	-
Electricity generation assets – Offshore	149,904	662	214,194	26,755
	<b>595,239</b>	<b>135,831</b>	<b>214,194</b>	<b>26,755</b>

### Electricity generation assets – Onshore

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.
- Aprofitament D'Energies Renovables de L'Ebre, S.L.

According to the analysis performed under IFRS 5, this sale is considered highly probable and their assets and liabilities have been classified as held for sale as of June 30, 2020. Corresponding sale and purchase agreement was signed on August 10, 2020, which completion is subject to regulatory and other precedent conditions.

Detail of assets and liabilities reclassified to held for sale are as follows:

THOUSAND EUROS	
<b>ASSETS</b>	
Property, plant and equipment	332,399
Right-of-use assets	9,111
Goodwill	65,912
Investments in joint ventures and associates	1,102
Deferred tax assets	8,132
Debtors and other assets from commercial activities	7,535
Other debtors and other assets	1,875
Collateral deposits associated to financial debt	4
<b>Total Non-Current Assets</b>	<b>426,070</b>
Inventories	387
Debtors and other assets from commercial activities	10,669
Other debtors and other assets	14
Current tax assets	59
Cash and cash equivalents	8,136
<b>Total Current Assets</b>	<b>19,265</b>
<b>TOTAL ASSETS</b>	<b>445,335</b>
<b>LIABILITIES</b>	
Medium / Long term financial debt	74,270
Provisions	8,308
Deferred tax liabilities	13,698
Trade and other payables from commercial activities	10,024
Other liabilities and other payables	12,673
<b>Total Non-Current Liabilities</b>	<b>118,973</b>
Short term financial debt	8,153
Trade and other payables from commercial activities	3,497
Other liabilities and other payables	693
Current tax liabilities	3,853
<b>Total Current Liabilities</b>	<b>16,196</b>
<b>TOTAL LIABILITIES</b>	<b>135,169</b>
<b>TOTAL NET ASSETS</b>	<b>310,166</b>

### Electricity generation assets – Offshore

Within the offshore transaction (see note 6), certain transfers are pending of regulatory approvals as at 30 June 2020, thus balances for related companies are classified as held-for-sale. Main figures refer to the value of the equity investment in the equity consolidated company Mayflower Wind Energy LLC in the amount of 93,594 thousand Euros and loans granted to the equity consolidated company Windplus S.A. in the amount of 40,113 thousand Euros. Transaction related to Windplus S.A. has been completed on July 28, 2020.



**28. SHARE CAPITAL AND SHARE PREMIUM**

At 30 June 2020 and 2019, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

EDP Renováveis, S.A. shareholder's structure as at 30 June 2020 and 2019 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	720,191,372	82.56%	82.56%
Other (*)	152,116,790	17.44%	17.44%
	<b>872,308,162</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Shares quoted on the Lisbon stock exchange

There was no movements in Share capital and Share premium during the first half of 2020. The Share Premium is freely distributable. Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	30 JUN 2020	30 JUN 2019
Profit attributable to the equity holders of the parent (in thousand Euros)	254,739	343,080
Profit from continuing operations attributable to the equity holders of the parent (in thousand Euros)	254,739	343,080
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.29	0.39
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.29	0.39
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.29	0.39
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.29	0.39

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 30 June 2020 and 31 December 2019.

The average number of shares was determined as follows:

	30 JUN 2020	30 JUN 2019
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

**29. OTHER COMPREHENSIVE INCOME, RESERVES AND RETAINED EARNINGS**

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>OTHER COMPREHENSIVE INCOME</b>		
Fair value reserve (cash flow hedge)	8,102	-50,903
Fair value reserve (equity instruments at fair value)	6,272	6,272
Exchange differences - Currency translation arising on consolidation	407,376	455,827
Exchange differences - Net investment hedge	-544,869	-535,701
Exchange differences - Net investment hedge - Cost of hedging	-195	-112
	<b>-123,314</b>	<b>-124,617</b>
<b>OTHER RESERVES AND RETAINED EARNINGS</b>		
Retained earnings and other reserves	1,979,118	1,572,115
Additional paid in capital	60,666	60,666
Legal reserve	75,971	75,971
	<b>2,115,755</b>	<b>1,708,752</b>
	<b>1,992,441</b>	<b>1,584,135</b>

### Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

### Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

### Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

### Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the consolidated financial statements are as follows:

		EXCHANGE RATES AT 30 JUNE 2020		EXCHANGE RATES AT 30 JUNE 2019	
		CLOSING RATE	AVERAGE RATE	CLOSING RATE	AVERAGE RATE
US Dollar	USD	1.12	1.10	1.14	1.13
Zloty	PLN	4.47	4.41	4.25	4.29
Brazilian Real	BRL	6.11	5.40	4.35	4.34
New Leu	RON	4.84	4.82	4.73	4.74
Pound Sterling	GBP	0.91	0.87	0.90	0.87
Canadian Dollar	CAD	1.53	1.50	1.49	1.51
Mexican Peso	MXN	25.88	23.83	21.82	21.66
Colombian Peso	COP	4,209.23	4,061.66	3,638.45	3,603.72
Japanese Yen	JPY	120.66	119.29	122.60	124.30

## 30. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Non-controlling interests in income statement	76,240	147,539
Non-controlling interests in share capital and reserves	1,258,186	1,214,322
	<b>1,334,426</b>	<b>1,361,861</b>

Non-controlling interests, by subgroup, are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
EDPR NA Group	908,172	914,554
EDPR EU Group	368,550	369,398
EDPR BR Group	57,704	77,909
	<b>1,334,426</b>	<b>1,361,861</b>

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Balance as at 1 January	1,361,861	1,613,390
Dividends distribution	-26,441	-44,707
Net profit for the year	76,240	147,539
Exchange differences arising on consolidation	-30,786	17,072
Acquisitions and sales without change of control	-	-23,023
Increases/(Decreases) of share capital	-45,534	-57,720
Other changes	-914	-290,690
<b>BALANCE AS AT 31 DECEMBER</b>	<b>1,334,426</b>	<b>1,361,861</b>

Other changes in 2019 mainly included a decrease amounting 289,345 thousand Euros related to the sale in 2019 of the companies BETA Participaciones Ibérica S.L. (formerly EDPR Participaciones S.L.U.), BETA Renewables France S.A.S. (formerly EDP Renewables France S.A.S.) and subsidiaries where non-controlling interest held certain stake in these companies.

### 31. FINANCIAL DEBT

Financial debt current and Non-current is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>FINANCIAL DEBT - NON-CURRENT</b>		
Bank loans:		
- EDPR EU Group	253,869	361,397
- EDPR BR Group	80,616	112,031
- EDPR NA Group	212,056	215,280
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	332,963	460,444
- EDP Renováveis Servicios Financieros, S.L.	1,601,550	1,449,186
Other loans:		
- EDPR EU Group	299	350
<b>TOTAL DEBT AND BORROWINGS - NON-CURRENT</b>	<b>2,481,353</b>	<b>2,598,688</b>
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-19,025	-20,393
<b>TOTAL COLLATERAL DEPOSITS - NON-CURRENT</b>	<b>-19,025</b>	<b>-20,393</b>

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>FINANCIAL DEBT - CURRENT</b>		
Bank loans:		
- EDPR EU Group	55,784	53,872
- EDPR BR Group	7,646	13,147
- EDPR NA Group	12,809	12,806
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	128,732	134,239
- EDP Renováveis Servicios Financieros, S.L.	688,911	569,003
Other loans:		
- EDPR EU Group	147	147
Interest payable	32,330	34,635
<b>TOTAL DEBT AND BORROWINGS - CURRENT</b>	<b>926,359</b>	<b>817,849</b>
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-9,282	-11,446
<b>TOTAL COLLATERAL DEPOSITS - CURRENT</b>	<b>-9,282</b>	<b>-11,446</b>
<b>TOTAL DEBT AND BORROWINGS - CURRENT AND NON-CURRENT</b>	<b>3,407,712</b>	<b>3,416,537</b>
<b>TOTAL DEBT AND BORROWINGS NET OF COLLATERALS - CURRENT AND NON-CURRENT</b>	<b>3,379,405</b>	<b>3,384,698</b>

(\*) Collateral deposits mainly refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Loans received from EDP group entities current and non-current as at 30 Jun 2020 mainly refer to a set of loans granted by EDP Finance BV amounting to 1,944,578 thousand Euros, including interests and deducted of debt arrangement expenses, (1,489,925 thousand Euros non-current and 423,599 Thousand Euros current) and by EDP Servicios Financieros España S.A. amounting to 706,846 thousand Euros including interests (444,587 thousand Euros non-current and 293,312 thousand Euros current). The bundled average maturity regarding group long-term loans is above 3 years and bear interest at weighted average fixed market rates of 2.3% for EUR loans and 4.2% for USD loans. These loans amounted to 1,908,464 thousand Euros for loans granted by EDP Finance BV and 709,935 thousand Euros for loans granted by EDP Servicios Financieros España S.A. as at 31 December 2019. This caption also includes the credit balance of the USD current account with EDP Servicios Financieros España S.A. in the amount of 132,695 thousand Euros as at 30 June 2020.

The main events regarding financing and refinancing of the period refer to the reclassification to liabilities held-for-sale of the financial debt related to certain Spanish portfolio of companies (See note 27) in the amount of 82,423 thousand Euros.

As at 30 June 2020, future debt and borrowings payments and accrued interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	JUN 2021	DEC 2021	DEC 2022	DEC 2023	DEC 2024	FOLLOWING YEARS	TOTAL
<b>BANK LOANS</b>							
Euro	34,734	15,014	35,597	34,257	30,677	71,516	221,795
American Dollar	12,486	6,353	12,387	12,653	12,761	151,321	207,961
Brazilian Real	7,903	1,193	2,686	9,329	2,369	65,996	89,476
Others	21,816	5,018	13,391	16,930	20,562	29,785	107,502
	<b>76,939</b>	<b>27,578</b>	<b>64,061</b>	<b>73,169</b>	<b>66,369</b>	<b>318,618</b>	<b>626,734</b>
Euro	262,259	-	211,587	233,000	-	-	706,846
American Dollar	587,931	-	330,416	250,045	465,426	444,529	2,078,347
	<b>850,190</b>	<b>-</b>	<b>542,003</b>	<b>483,045</b>	<b>465,426</b>	<b>444,529</b>	<b>2,785,193</b>
<b>OTHER LOANS</b>							
Euro	143	60	34	209	-	-	446
	143	60	34	209	-	-	446
Origination fees	-917	-241	-598	-656	-637	-1,612	-4,661
	<b>926,355</b>	<b>27,397</b>	<b>605,500</b>	<b>555,767</b>	<b>531,158</b>	<b>761,535</b>	<b>3,407,712</b>

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 30 June 2020, these financings amount to 695,456 thousand Euros (31 December 2019: 771,854 thousand Euros), of which an amount of 613,033 thousand Euros is included within the financial debt caption and 82,423 thousand Euros within the liabilities held-for-sale caption.

The fair value of EDP Renováveis Group's debt is analysed as follows:

THOUSAND EUROS	30 JUN 2020		31 DEC 2019	
	CARRYING VALUE (*)	MARKET VALUE	CARRYING VALUE (*)	MARKET VALUE
Financial debt - Non-current	2,481,353	2,549,644	2,598,688	2,640,975
Financial debt - Current	926,359	926,540	817,849	817,849
	<b>3,407,712</b>	<b>3,476,184</b>	<b>3,416,537</b>	<b>3,458,824</b>

(\*) Net of origination fees

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

## 32. PROVISIONS

Provisions are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>Dismantling and decommission provisions</b>	<b>267,723</b>	<b>270,353</b>
<b>Provision for other liabilities and charges</b>	<b>7,709</b>	<b>7,514</b>
- Long-term provision for other liabilities and charges	2,081	1,847
- Short-term provision for other liabilities and charges	5,628	5,667
<b>Employee benefits</b>	<b>190</b>	<b>180</b>
	<b>275,622</b>	<b>278,047</b>

Dismantling and decommission provisions refer to the costs to be incurred for dismantling wind and solar farms and restoring sites and land to their original condition, in accordance with the corresponding accounting policy. The above amount refers to: (i) 131,820 thousand Euros for wind farms in Europe (31 December 2019: 139,475 thousand Euros); (ii) 134,141 thousand Euros for wind farms in North America (31 December 2019: 128,615 thousand Euros); and (iii) 1,763 thousand Euros for wind farms in Brazil (31 December 2019: 2,263 thousand Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Balance at the beginning of the year	270,353	288,503
Capitalised amount for the year	4,250	10,310
Changes in the perimeter	-	-35,865
Unwinding	2,752	5,462
Exchange differences	-838	2,154
Others	-8,794	-211
<b>BALANCE AT THE END OF THE YEAR</b>	<b>267,723</b>	<b>270,353</b>

Others in 2020 mainly include the reclassification to liabilities held for sale of the dismantling provision of certain Spanish portfolio in the amount 8,308 thousand Euros (see note 27).

Changes in the perimeter in 2019 included a decrease in the amount of 35,243 thousand Euros due to the sale of BETA Participaciones Ibérica S.L.U. (formerly EDPR Participaciones S.L.), BETA Renewables France S.A.S. (formerly EDP Renewables France S.A.S.) and subsidiaries and a decrease in the amount of 621 thousand Euros due to the sale of the Brazilian portfolio of companies Babilônia.

There were no significant movements in provisions for other liabilities and charges either in 2020 or in 2019.

**33. INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS**

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Deferred income related to benefits provided	990,266	1,002,871
Liabilities arising from institutional partnerships in U.S. wind farms	1,364,382	1,286,913
	<b>2,354,648</b>	<b>2,289,784</b>

The movements in Institutional partnerships in U.S. wind farms are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Balance at the beginning of the period	2,289,784	2,231,249
Proceeds received from institutional investors	134,764	188,490
Deferred transaction costs	-2,285	-2,235
Cash paid to institutional investors	-17,535	-82,480
Income (see note 8)	-104,560	-181,570
Unwinding (see note 14)	48,073	85,320
Exchange differences	6,469	42,832
Others	-62	8,178
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>2,354,648</b>	<b>2,289,784</b>

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During the first quarter of 2020, EDPR NA, has secured and received proceeds amounting to 134,764 thousand Euros (148,539 thousand dollars) related to institutional equity financing from JP Morgan, in exchange for an interest in onshore wind projects.

EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements.

**34. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES**

Trade and other payables from commercial activities are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES - NON-CURRENT</b>		
Government grants / subsidies for investments in fixed assets	340,056	347,770
Electricity sale contracts - EDPR NA	8,193	9,318
Property, plant and equipment suppliers	39,362	36,132
Other creditors and sundry operations	21,523	66,746
	<b>409,134</b>	<b>459,966</b>
<b>TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES - CURRENT</b>		
Suppliers	93,379	60,500
Property, plant and equipment suppliers	1,015,289	1,119,486
Other creditors and sundry operations	117,658	89,469
	<b>1,226,326</b>	<b>1,269,455</b>
	<b>1,635,460</b>	<b>1,729,421</b>

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

At the moment of the EDPR North America 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 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other income (see note 9).

Property plant and equipment suppliers-non current mainly includes success fees payables in the long term for the acquisition of certain projects in Colombia for a total amount of 24,648 thousand Euros, that, due to the nature of such transactions, the type of assets acquired and the initial stage of completion of the projects, they have been considered asset acquisitions.

Variation in other creditors and sundry operations – non current is mainly explained by the evolution of the energy pool prices in the Spanish market related to the establishment of the pool boundaries adjustment as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014.

Property plant and equipment suppliers -current refer to wind and solar farms in construction mainly in the USA in the amount of 736,733 thousand Euros (968,998 thousand Euros as of December 31, 2019), Canada in the amount of 71,991 thousand Euros (34,566 thousand Euros as of December 31, 2019), Poland in the amount of 71,441 thousand Euros (18,055 thousand Euros as of December 31, 2019) and Mexico in the amount of 53,210 thousand Euros (124 thousand Euros as of December 31, 2019). This caption also includes success fees payables for the acquisition of certain projects in Brazil, Italy, France for a total amount of 23,368 thousand Euros that due to the nature of such transactions, the type of assets acquired and the initial stage of completion of the projects, they have been considered asset acquisitions.

### 35. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>OTHER LIABILITIES AND OTHER PAYABLES - NON-CURRENT</b>		
Amount payable for the acquisition of subsidiaries	831	831
Loans from non-controlling interests	173,701	210,701
Derivative financial instruments	141,653	135,051
Rents due from lease contracts	605,433	572,993
Other creditors and sundry operations	306	4,398
	<b>921,924</b>	<b>923,974</b>
<b>OTHER LIABILITIES AND OTHER PAYABLES - CURRENT</b>		
Amount payable for the acquisition of subsidiaries	1,596	102,243
Derivative financial instruments	40,909	51,150
Loans from non-controlling interests	48,383	34,383
Rents due from lease contracts	38,114	45,255
Other creditors and sundry operations	27,567	12,092
	<b>156,569</b>	<b>245,123</b>
	<b>1,078,493</b>	<b>1,169,097</b>

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

- i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries for a total amount of 28,731 thousand Euros, including accrued interests (32,302 thousand Euros as of 31 December 2019), bearing interest at a fixed rate of 3.75%.
- ii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 100,590 thousand Euros including accrued interests (109,287 thousand Euros as at 31 December 2019), bearing interest at a fixed rate of a range between 2.95% and 7.23%;
- iii) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 52,879 thousand Euros including accrued interests (55,474 thousand Euros as at 31 December 2019), bearing interest at a fixed rate of 4.50%.
- iv) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 32,640 thousand Euros including accrued interests (31 December 2019: 38,654 thousand Euros), bearing interests at a fixed rate of 5.50%.

Derivative financial instruments non-current includes 102,448 thousand Euros (31 December 2019: 102,088) mainly related to a hedge instrument of USD and EUR with EDP- Energias de Portugal S.A., which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 37 for non-current and current derivatives).

The caption Rents due from lease contracts - Non-Current and Current includes lease liabilities as a consequence of the adoption of IFRS 16 on 1 January 2019. Variation in both captions is as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Balance as at 1 January	618,248	598,211
Increases due to new lease contracts	35,185	93,305
Unwinding (note 14)	14,960	27,994
Payment of leases	-23,251	-41,122
Reclassification to held for sale	-9,335	-4,646
Exchange differences	-2,453	-1,396
Changes in the perimeter and other changes	10,193	-54,098
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>643,547</b>	<b>618,248</b>

As at 30 June 2020, the nominal value of the rents due from lease contracts is detailed as follows: (i) less than 5 years: 233,872 thousand Euros; (ii) from 5 to 10 years: 215,749 thousand Euros; (iii) from 10 to 15 years: 221,382 thousand Euros; and (iv) more than 15 years: 433,952 thousand Euros.

Variation in caption "Amount payable for the acquisition of subsidiaries" in the amount of 102,193 thousand Euros refers to Nation Rise project. See note 20.

### 36. CURRENT TAX LIABILITIES

This caption is analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
Income tax	25,719	35,276
Withholding tax	2,048	2,816
Value added tax (VAT)	25,437	19,672
Other taxes	59,858	35,064
	<b>113,062</b>	<b>92,828</b>

### 37. DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 June 2020, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		
	ASSETS	LIABILITIES	NET
<b>NET INVESTMENT HEDGE</b>			
Cross currency rate swaps	16,138	-134,681	-118,543
	<b>16,138</b>	<b>-134,681</b>	<b>-118,543</b>
<b>CASH FLOW HEDGE</b>			
Power price swaps	45,479	-13,454	32,025
Interest rate swaps	539	-26,622	-26,083
Currency forwards	19,058	-5,902	13,156
	<b>65,076</b>	<b>-45,978</b>	<b>19,098</b>
<b>TRADING</b>			
Power price swaps	4,302	-616	3,686
Cross currency rate swaps	1,779	-	1,779
Currency forwards	1,971	-1,287	684
	<b>8,052</b>	<b>-1,903</b>	<b>6,149</b>
	<b>89,266</b>	<b>-182,562</b>	<b>-93,296</b>

As of 31 December 2019, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		
	ASSETS	LIABILITIES	NET
<b>NET INVESTMENT HEDGE</b>			
Cross currency rate swaps	3,165	-133,938	-130,773
	<b>3,165</b>	<b>-133,938</b>	<b>-130,773</b>
<b>CASH FLOW HEDGE</b>			
Power price swaps	22,107	-29,330	-7,223
Interest rate swaps	114	-15,383	-15,269
Currency forwards	3	-5,458	-5,455
	<b>22,224</b>	<b>-50,171</b>	<b>-27,947</b>
<b>TRADING</b>			
Power price swaps	4,466	-1,201	3,265
Cross currency rate swaps	-	-407	-407
Currency forwards	1,573	-484	1,089
	<b>6,039</b>	<b>-2,092</b>	<b>3,947</b>
	<b>31,428</b>	<b>-186,201</b>	<b>-154,773</b>

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 35), if the fair value is positive or negative, respectively. The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

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. These valuation models are based on generally accepted discounted cash flow techniques and option valuation models generally accepted, using market data obtained through financial information platforms. Therefore, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 40) and no changes of level were made during this period.

During 2020 and 2019 the following market inputs were considered for the fair value calculation:

INSTRUMENT	MARKET INPUT
Cross currency interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Libor 3M, daily brazilian CDI, CAD-BA-CDOR 3M, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN, EUR/CAD EUR/GBP and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 6M, Wibor 6M, Libor 3M and CAD-BA-CDOR 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/PLN, EUR/GBP, BRL/CNY and BRL/EUR.
Power price swaps	Fair value indexed to the price of electricity.

### 38. COMMITMENTS

As at 30 June 2020 and 2019, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

THOUSAND EUROS	30 JUN 2020	31 DEC 2019
<b>GUARANTEES OF OPERATIONAL NATURE</b>		
EDP Renováveis, S.A.	605,253	606,984
EDPR NA Group	850,375	825,839
EDPR EU Group	808	1,206
EDPR BR Group	1,364	1,793
<b>TOTAL</b>	<b>1,457,800</b>	<b>1,435,822</b>

The above operating guarantees, which are not included in the consolidated statement of financial position or in the Notes, as at 30 June 2020 and 2019, mainly refer to Power Purchase Agreements (PPA), interconnection, permits and market participation guarantees.

In addition to the above guarantees, an amount of 33,036 thousand Euros and 32,833 thousand Euros refer to guarantees of financial nature and operational nature respectively, which refer to certain offshore companies that are classified as held-for-sale as at 30 June 2020 (see note 27). Refer to note 39 for guarantees granted by EDP Group companies to EDPR Group companies.

There are additional financial and operating guarantees granted by EDPR Group that have underlying liabilities already reflected in its Consolidated Statement of Financial Position and/or disclosed in the Notes.

EDPR does not expect any significant liability arising from the above commitments related to financial, operational and real guarantees provided.

The EDPR Group future cash outflows not reflected in the measurement of the lease liabilities and purchase obligations by maturity date are as follows:

THOUSAND EUROS	30 JUN 2020				
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	CAPITAL OUTSTANDING BY MATURITY MORE THAN 5 YEARS
Future Cash Outflows not reflected in the measurement of the Lease Liabilities	189,028	12,255	22,447	11,447	142,879
Purchase obligations	3,907,389	2,207,108	1,335,839	89,858	274,584
	<b>4,096,417</b>	<b>2,219,363</b>	<b>1,358,286</b>	<b>101,305</b>	<b>417,463</b>

THOUSAND EUROS	31 DEC 2019				
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	CAPITAL OUTSTANDING BY MATURITY MORE THAN 5 YEARS
Future Cash Outflows not reflected in the measurement of the Lease Liabilities	140,968	9,241	20,670	15,962	95,095
Purchase obligations	3,671,859	1,586,407	1,640,889	99,820	344,743
	<b>3,812,827</b>	<b>1,595,648</b>	<b>1,661,559</b>	<b>115,782</b>	<b>439,838</b>



Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

Some of the disposal of non-controlling interests transactions retaining control carried out in previous years incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

### 39. RELATED PARTIES

The Members of the Board of Directors of the Company and its delegated Committees do not own directly or indirectly any shares from EDPR, as of 30 June 2020 and December 2019.

#### *Remuneration of the members of the Board of Directors*

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and the exact amount to be paid to each Director on the basis of this proposal. The number of members of the Board of Directors as at 30 June 2020 and 2019 is 15.

The remuneration paid to the members of the Board of Directors in 2020 and 2019 were as follows:

THOUSAND EUROS	30 JUN 2020	30 JUN 2019
CEO	-	-
Board members	284	307
	<b>284</b>	<b>307</b>

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services rendered by its Executive and Non-Executive Directors, which are João Manso Neto, António Mexia, Vera de Moraes Pinto Pereira Carneiro (from March 2019) and Rui Teixeira (from October 2019). This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in the six-month period ended on 30 June 2020 is 461 thousand Euros (431 thousand Euros as at 30 June 2019), of which 393 thousand Euros refers to the management services rendered by the Executive Members and 68 thousand Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

In the case of the members of the Executive Committee that are also Directors (Duarte Melo de Castro Bello, COO EU&BR; Spirydon Martinis Spetel, COO Offshore & CDO; and Miguel Ángel Prado Balboa, COO EDPR NA, there are contracts that were signed with other group companies, as follows: Duarte Melo de Castro Bello and Spirydon Martinis Spetel with EDP Energias de Portugal S.A. Sucursal en España; and Miguel Ángel Prado Balboa with EDP Renewables North America LLC.

#### *Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group*

Within the context of the transactions with CTG related to the sale of 49% of EDPR Portugal, EDPR PT-PE, EDPR Italia and EDPR Polska equity shareholding to CTG Group, CTG has granted loans to the EDPR Group in the amount of 214,735 thousand Euros including accrued interests (45,891 thousand Euros as current and 168,844 thousand Euros as non-current) as at 30 June 2020. As at 31 December 2019, this balance amounted to 235,717 thousand Euros including accrued interests (29,712 thousand Euros as current and 206,005 thousand Euros as non-current). See note 35.

#### *Balances and transactions with EDP Group companies*

In their ordinary course of business, EDPR Group companies establish commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

As at 30 June 2020, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS	ASSETS		
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	51,153	51,153
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	28	28
Joint Ventures and Associated companies	198,653	7,881	206,534
EDP Serviço Universal, S.A.	-	17,843	17,843
EDP Comercializadora, S.A.U.	-	9,304	9,304
EDP Servicios Financieros España, S.A.	-	59,917	59,917
Other EDP Group companies	-	139	139
	<b>198,653</b>	<b>146,265</b>	<b>344,918</b>

THOUSAND EUROS	LIABILITIES		
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	125,304	125,304
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	15,222	15,222
Joint Ventures and Associated companies	-	2,635	2,635
EDP Finance B.V.	1,944,578	21,649	1,966,227
EDP Servicios Financieros España, S.A.	839,541	40	839,581
Other EDP Group companies	-	3,865	3,865
	<b>2,784,119</b>	<b>168,715</b>	<b>2,952,834</b>

Assets mainly refer to:

- Loans granted to companies consolidated by the equity method in the amount of 198,653 (see note 24);
- Debit balance of the Euro current account with EDP Servicios Financieros España, S.A. (see note 26) amounting to 59,917 thousand Euros as at 30 June 2020 (375,978 thousand Euros as at 31 December 2019);
- Commercial receivables related to the sale of energy in EDPR Portugal and EDPR Spain through EDP Serviço Universal, S.A. (which is a last resort retailer due to regulatory legislation) and EDP Comercializadora, S.A.U. respectively.
- Derivatives contracted with EDP Energias de Portugal, S.A. which market value as at 30 June 2020 amounts to 26,983 thousand Euros (see note 37).

Liabilities mainly refer to:

- Loans obtained by EDP Renováveis S.A. and by EDP Renováveis Servicios Financieros S.L. from EDP Finance BV in the amount, including interests and deducted from debt origination fees, of 1,944,578 thousand Euros (31 December 2019: 1,939,844 thousand Euros) and from EDP Servicios Financieros España S.A. in the amount of 706,846 thousand Euros (31 December 2019: 706,889 thousand Euros). See note 31;
- Derivatives with the purpose of hedging the foreign exchange risk of EDP Renováveis, having the EDP Group established a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP - Energias de Portugal, S.A., EDP Finance BV and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EDPR NA and of the USD external financing). As at 30 June 2020, the amount payable by EDP Renováveis to EDP - Energias de Portugal, S.A. and EDP Finance BV related to this CIRS amounts to 134,875 thousand Euros (31 December 2019: 129,156 thousand Euros with EDP Finance BV) (see notes 35 and 37).
- Credit balance of the USD current account with EDP Servicios Financieros España S.A. in the amount of 132,695 thousand Euros.

Transactions with related parties for the six-month period ended on 30 June 2020 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	39	7,096	-832	-10,482
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	157	-	-9,170	-185
Joint Ventures and Associated companies	12,515	2,551	-2,206	-451
EDP Serviço Universal, S.A.	112,339	-	-14	-
EDP Comercializadora, S.A.U.	58,028	-	-1,200	-
EDP Finance B.V.	-	-	-	-67,197
EDP Servicios Financieros España, S.A.	-	649	-	-8,112
Other EDP Group companies	22,944	5	-2,545	-125
	<b>206,022</b>	<b>10,301</b>	<b>-15,967</b>	<b>-86,552</b>

Operating income mainly includes the electricity sales to EDP Serviço Universal, S.A. which is a supplier of last resource in Portugal due to regulatory legislation and to EDP Comercializadora, S.A.U. as the commercial agent in Spain and swap commodities transactions with EDP Energias de Portugal, S.A.

Financial income and financial expenses with EDP Energias de Portugal, S.A. are mainly related to derivative financial instruments.

Financial expenses with EDP Finance B.V. and EDP Servicios Financieros España S.A., EDP Energias de Portugal, S.A., and EDP Branch are mainly related to derivative financial instruments and interests on the loans granted to EDP Renováveis S.A. and EDP Renováveis Servicios Financieros, S.A. referred above.

As at 31 December 2019, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS	LOANS AND INTERESTS TO RECEIVE	OTHERS	ASSETS TOTAL
EDP Energias de Portugal, S.A.	-	16,175	16,175
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	329	329
Joint Ventures and Associated companies	20,161	3,034	23,195
EDP Serviço Universal, S.A.	-	25,629	25,629
EDP Comercializadora, S.A.U.	-	16,779	16,779
EDP Servicios Financieros España, S.A.	-	375,978	375,978
Other EDP Group companies	-	58	58
	<b>20,161</b>	<b>437,982</b>	<b>458,143</b>

THOUSAND EUROS	LOANS AND INTERESTS TO PAY	OTHERS	LIABILITIES TOTAL
EDP Energias de Portugal, S.A.	-	9,856	9,856
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	6,370	6,370
Joint Ventures and Associated companies	-	40	40
EDP Finance B.V.	1,939,844	129,488	2,069,332
EDP Servicios Financieros España, S.A.	706,889	377	707,266
Other EDP Group companies	-	2,429	2,429
	<b>2,646,733</b>	<b>148,560</b>	<b>2,795,293</b>

Transactions with related parties for the six-month period ended 30 June 2019 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	10,952	5,686	-716	-11,722
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-7,326	-1,342
EDP HC Energia Group companies (electric sector)	-	-	-22	-253
Joint Ventures and Associated companies	5,996	4,780	-48	-39
EDP Serviço Universal, S.A.	150,298	-	-2	-
EDP Comercializadora, S.A.U.	150,040	-	-1,280	-
EDP Finance B.V.	-	-	-	-75,094
EDP Servicios Financieros España, S.A.	-	247	-	-15,828
Other EDP Group companies	270	-	-2,188	-
	<b>317,556</b>	<b>10,713</b>	<b>-11,582</b>	<b>-104,278</b>

As part of its operational activities, the EDP Renováveis Group must present guarantees in favor of certain suppliers and in connection with renewable energy contracts. As at 30 June 2020, EDP España and EDP Energías de Portugal Sucursal en España granted operational guarantees to suppliers in favor of EDP Renováveis S.A. and EDPR NA in the amount of 407,441 thousand Euros (373,716 thousand Euros as at 31 December 2019). The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to Power Purchase Agreements (PPA), interconnection, permits and market participation.

Further, an amount of 241,114 thousand Euros and 11,163 thousand Euros refer to guarantees of financial nature and operational nature respectively, granted by EDP Energias de Portugal Sucursal en España to EDPR's joint venture companies.

#### **40. 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.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models use market data which impacts the financial instruments, namely yield curves, exchange rates and volatility factors, including credit risk.

Market data is available on stock exchanges and/or financial information platforms such as a Bloomberg and Reuters.

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

##### *Equity instruments at fair value and financial assets at fair value through profit or loss*

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost.

##### *Cash and cash equivalents, trade receivables and suppliers*

These financial instruments include mainly short-term financial assets and liabilities. Given their short-term nature at the reporting date, their book values are not significantly different from their fair values.

##### *Financial debt*

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

##### *Derivative financial instruments*

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

##### *CIRS with EDP - Energias de Portugal, S.A. and EDP Finance BV (note 37)*

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP - Energias de Portugal, S.A. and EDP Finance BV. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows.

The fair values of assets and liabilities as at 30 June 2020 and 31 December 2019 are analysed as follows:

THOUSAND EUROS	30 JUNE 2020			31 DECEMBER 2019		
	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE
<b>FINANCIAL ASSETS</b>						
Equity instruments at fair value	16,646	16,646	-	15,960	15,960	-
Debtors and other assets from commercial activities	287,162	287,162	-	303,012	303,012	-
Other debtors and other assets	506,063	506,063	-	1,269,934	1,269,934	-
Derivative financial instruments	89,266	89,266	-	31,428	31,428	-
Cash and cash equivalents	352,299	352,299	-	581,759	581,759	-
	<b>1,251,436</b>	<b>1,251,436</b>	<b>-</b>	<b>2,202,093</b>	<b>2,202,093</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>						
Financial debt	3,407,712	3,476,184	68,472	3,416,537	3,458,824	42,287
Suppliers	1,148,030	1,148,030	-	610,746	610,746	-
Institutional partnerships in U.S. wind farms	2,354,648	2,354,648	-	2,289,784	2,289,784	-
Trade and other payables from commercial activities	487,430	487,430	-	1,118,675	1,118,675	-
Other liabilities and other payables	1,078,493	1,078,493	-	1,063,461	1,063,461	-
Derivative financial instruments	182,562	182,562	-	186,200	186,200	-
	<b>8,658,875</b>	<b>8,727,347</b>	<b>68,472</b>	<b>8,685,403</b>	<b>8,727,690</b>	<b>42,287</b>

The fair value levels used to value EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

THOUSAND EUROS	30 JUNE 2020			31 DECEMBER 2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>FINANCIAL ASSETS</b>						
Equity instruments at fair value	-	-	16,646	-	-	15,960
Derivative financial instruments	-	89,266	-	-	31,428	-
	-	<b>89,266</b>	<b>16,646</b>	-	<b>31,428</b>	<b>15,960</b>
<b>FINANCIAL LIABILITIES</b>						
Liabilities arising from options with non-controlling interests	-	-	883	-	-	883
Derivative financial instruments	-	182,562	-	-	186,200	-
	-	<b>182,562</b>	<b>883</b>	-	<b>186,200</b>	<b>883</b>

The remaining assets and liabilities are valued within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In the first half of 2020, there are no transfers between levels.

The Trade and other payables within level 3 are related to Liabilities with non-controlling interests.

## 41. RELEVANT SUBSEQUENT EVENTS

### *Clarification on Public Prosecutor measures regarding EDPR Board members*

In the context of a judicial procedure undergoing related to the activity of EDP – Energias de Portugal, which holds an 82.6% shareholding in EDPR, EDPR's Chairman of the Board of Directors, Mr. António Mexia, and Vice-Chairman and CEO, Mr. João Manso Neto, were suspended from their executive functions in EDP Group companies. The process continues in the inquiry phase and they have not been formally accused.

Following this, the Board of Directors of EDPR met on July 6<sup>th</sup> 2020 and, despite the fact of such decision not being directly applicable in Spain, decided to appoint Mr. Rui Manuel Rodrigues Lopes Teixeira as a new member of EDPR's Executive Committee and as *Consejero Delegado Mancomunado*, designated as the responsible person to coordinate the Executive Committee activities and to liaise with EDP – EDPR's principal shareholder.

EDPR's management team will continue in full possession of its powers and working with its customary sense of focus on shareholder value, namely in the execution of its Strategic Agenda 2019-22, presented to the market in March 2019, to which objectives will continue to be fully committed and dedicated.

In any case, the Directors of EDPR do not expect any impact on the consolidated financial statements as a consequence of this situation.

### *Agreement to acquire 100% of the renewables business of Viesgo*

EDPR has entered into an agreement with certain funds managed by Macquarie Infrastructure and Real Assets (together with its managed funds), the current sole shareholders of Viesgo, for the acquisition of the control of the renewable business of Viesgo.

In detail, EDPR will acquire 100% of a portfolio of 511 MW (EBITDA + Equity MW) of renewable installed capacity in Spain (84%) and Portugal (16%). This is a high-quality 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). The portfolio also counts with an attractive potential for future extensions/repowering given the above-mentioned profile.

The consideration to be paid by EDPR for Viesgo's renewables business corresponds to an Enterprise Value of €565m representing an implied Enterprise Value to net MW ratio of €1.1m.

This transaction reinforces EDPR's position as leading global renewables player, and in particular in Spain, with a strongly synergetic portfolio of high-quality assets with strong resource and low risk profile, while offering interesting future growth opportunities.

The completion of this transaction is subject to customary conditions precedent, and closing is expected to occur until the end of 2020.

### *Binding Offer to sell 80% of certain assets in the US*

After the reporting period ended June 30, 2020, EDPR has received a binding offer for the sale of 80% stake in certain assets located in the United States which totals 563 MW.

## 42. OPERATING SEGMENTS REPORT

The Group generates energy from renewable resources and has three reportable segments which are the Group's business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Information regarding the results of each reportable segment is included in Annex I. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania, United Kingdom and Greece;
- North America: refers to EDPR North America, EDPR Canada and EDPR Mexico Group companies that operate in United States of America, Canada and Mexico, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

#### *Segment definition*

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

## ANNEX I

### GROUP ACTIVITY BY OPERATING SEGMENT

#### Operating Segment Information for the six-month period ended 30 June 2020

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	425,305	370,959	15,717	811,981
Income from institutional partnerships in U.S. wind farms	-	104,560	-	104,560
	<b>425,305</b>	<b>475,519</b>	<b>15,717</b>	<b>916,541</b>
Other operating income	163,732	15,419	3,634	182,785
Supplies and services	-75,843	-75,679	-4,050	-155,572
Personnel costs and Employee benefits expenses	-16,833	-35,591	-1,282	-53,706
Other operating expenses	-42,499	-46,466	-1,963	-90,928
	<b>28,557</b>	<b>-142,317</b>	<b>-3,661</b>	<b>-117,421</b>
Share of profit of associates	881	-343	-	538
<b>Gross operating profit</b>	<b>454,743</b>	<b>332,859</b>	<b>12,056</b>	<b>799,658</b>
Provisions	-199	-	-	-199
Amortisation and impairment	-113,986	-170,014	-5,112	-289,112
<b>Operating profit</b>	<b>340,558</b>	<b>162,845</b>	<b>6,944</b>	<b>510,347</b>
<b>Assets</b>	<b>5,677,186</b>	<b>9,751,627</b>	<b>289,292</b>	<b>15,718,105</b>
<b>Liabilities</b>	<b>351,116</b>	<b>1,346,103</b>	<b>29,407</b>	<b>1,726,626</b>
<b>Operating Investment</b>	<b>169,620</b>	<b>377,150</b>	<b>40,670</b>	<b>587,440</b>

Note: The Segment "Europe" includes: i) revenues in the amount of 187,510 thousand of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,325,951 thousand Euros.



## Reconciliation between the Segment Information and the Financial Statements

THOUSAND EUROS	
Revenues of the Reported Segments	811,981
Revenues of Other Segments	16,005
Elimination of intra-segment transactions	-19,551
<b>Revenues of the EDPR Group</b>	<b>808,435</b>
Gross operating profit of the Reported Segments	799,658
Gross operating profit of Other Segments	-5,758
Elimination of intra-segment transactions	-725
<b>Gross operating profit of the EDPR Group</b>	<b>793,175</b>
Operating profit of the Reported Segments	510,347
Operating profit of Other Segments	-6,975
Elimination of intra-segment transactions	-2,426
<b>Operating profit of the EDPR Group</b>	<b>500,946</b>
Assets of the Reported Segments	15,718,105
Not Allocated Assets	2,262,299
Financial Assets	1,436,384
Tax assets	221,436
Debtors and other assets	604,479
Assets of Other Segments	30,399
Elimination of intra-segment transactions	-180,648
<b>Assets of the EDPR Group</b>	<b>17,830,155</b>
<b>Investments in joint ventures and associates</b>	<b>460,539</b>
Liabilities of the Reported Segments	1,726,626
Not Allocated Liabilities	6,406,215
Financial Liabilities	3,407,712
Institutional partnerships in U.S. wind farms	2,354,648
Tax liabilities	447,207
Payables and other liabilities	196,648
Liabilities of Other Segments	15,314
Elimination of intra-segment transactions	1,186,818
<b>Liabilities of the EDPR Group</b>	<b>9,334,973</b>
Operating Investment of the Reported Segments	587,440
Operating Investment of Other Segments	1,578
<b>Operating Investment of the EDPR Group</b>	<b>589,018</b>

THOUSAND EUROS	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Income from institutional partnerships in U.S. wind farms	104,560	-	-	104,560
Other operating income	182,785	10,620	401	193,806
Supplies and services	-155,572	-10,725	19,142	-147,155
Personnel costs and Employee benefits expenses	-53,706	-13,673	-3,270	-70,649
Other operating expenses	-90,928	-7,843	7,864	-90,907
Share of profit of associates	538	-13,673	8,342	-4,793
Provisions	-199	-	-	-199
Amortisation and impairment	-289,112	-1,216	-1,702	-292,030

**Operating Segment Information for the six-month period ended 30 June 2019\***

<b>THOUSAND EUROS</b>	<b>EUROPE</b>	<b>NORTH AMERICA</b>	<b>BRAZIL</b>	<b>SEGMENTS TOTAL</b>
Revenues	531,971	351,269	30,320	913,560
Income from institutional partnerships in U.S. wind farms	-	94,653	-	94,653
	<b>531,971</b>	<b>445,922</b>	<b>30,320</b>	<b>1,008,213</b>
Other operating income	229,853	16,600	1,171	247,624
Supplies and services	-77,063	-65,848	-8,071	-150,982
Personnel costs and Employee benefits expenses	-15,322	-30,621	-1,396	-47,339
Other operating expenses	-46,408	-38,786	-419	-85,613
	<b>91,060</b>	<b>-118,655</b>	<b>-8,715</b>	<b>-36,310</b>
Share of profit of associates	3,342	535	-	3,877
<b>Gross operating profit</b>	<b>626,373</b>	<b>327,802</b>	<b>21,605</b>	<b>975,780</b>
Provisions	-269	-	-	-269
Amortisation and impairment	-125,241	-156,185	-9,708	-291,134
<b>Operating profit</b>	<b>500,863</b>	<b>171,617</b>	<b>11,897</b>	<b>684,377</b>
<b>Assets</b>	<b>5,674,931</b>	<b>8,953,675</b>	<b>338,948</b>	<b>14,967,554</b>
<b>Liabilities</b>	<b>349,430</b>	<b>835,231</b>	<b>71,053</b>	<b>1,255,714</b>
<b>Operating Investment</b>	<b>110,696</b>	<b>220,767</b>	<b>5,722</b>	<b>337,185</b>

Note: The Segment "Europe" includes: i) revenues in the amount of 222,375 thousand Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,520 thousand Euros.

\* Includes restatement due to changes in results in Joint Ventures and Associates as described in note 2a)

## Reconciliation between the Segment Information and the Financial Statements

THOUSAND EUROS	
Revenues of the Reported Segments	913,560
Revenues of Other Segments	18,692
Elimination of intra-segment transactions	-21,792
<b>Revenues of the EDPR Group</b>	<b>910,460</b>
Gross operating profit of the Reported Segments	971,903
Gross operating profit of Other Segments	-10,678
Elimination of intra-segment transactions	-35
<b>Gross operating profit of the EDPR Group</b>	<b>961,190</b>
Operating profit of the Reported Segments	680,500
Operating profit of Other Segments	-11,759
Elimination of intra-segment transactions	-1,294
<b>Operating profit of the EDPR Group</b>	<b>667,447</b>
Assets of the Reported Segments	14,967,554
Not Allocated Assets	2,931,758
Financial Assets	432,189
Tax assets	1,165,265
Debtors and other assets	1,334,304
Assets of Other Segments	55,361
Elimination of intra-segment transactions	-331,638
<b>Assets of the EDPR Group</b>	<b>17,623,035</b>
<b>Investments in joint ventures and associates</b>	<b>323,577</b>
Liabilities of the Reported Segments	1,255,714
Not Allocated Liabilities	6,965,840
Financial Liabilities	4,025,299
Institutional partnerships in U.S. wind farms	2,134,863
Tax liabilities	461,679
Payables and other liabilities	343,999
Liabilities of Other Segments	17,065
Elimination of intra-segment transactions	1,236,984
<b>Liabilities of the EDPR Group</b>	<b>9,475,603</b>
Operating Investment of the Reported Segments	337,185
Operating Investment of Other Segments	36,542
<b>Operating Investment of the EDPR Group</b>	<b>373,727</b>

THOUSAND EUROS	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Income from institutional partnerships in U.S. wind farms	94,653	-	-	94,653
Other operating income	247,624	5,757	-335	253,046
Supplies and services	-150,982	-12,066	15,551	-147,497
Personnel costs and Employee benefits expenses	-47,339	-15,666	-	-63,005
Other operating expenses	-85,613	-7,330	6,476	-86,467
Provisions	-269	-	-	-269
Amortisation and impairment	-291,134	-1,054	-1,286	-293,474
Share of profit of associates	3,877	-27	-	3,850



Energy

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# 01

## **01 THE COMPANY**

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SUN  
ENERGY







# 01

## THE COMPANY

### I.1 EDPR IN BRIEF

#### I.1.1

# Vision, Values & Commitments

## VISION

A GLOBAL ENERGY PROVIDING COMPANY LEADER IN THE ENERGY TRANSITION TO CREATE SUPERIOR VALUE

## VALUES

### INNOVATION

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

### SUSTAINABILITY

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

### HUMANIZATION

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

## COMMITMENTS

### RESULTS

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

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

We demand excellence in everything that we do.

### SUSTAINABILITY

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

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

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

### 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.

1.1.2

# EDPR in the World

**IN 1H20 EDPR GENERATED 15 TWH AVOIDING THE EMISSIONS OF 10 MT OF CO<sub>2</sub>.**

EDPR is a market leader with top quality assets in 14 countries and has 1,610 employees. The company manages a global portfolio of 11.4 GW of installed capacity, has built 213 MW in 1H20 and has 6.0 GW secured for 2020-22 period, as of June 2020.

 **Employees**

**NORTH AMERICA**  **714**

**United States of America**

| 6,312 MW operational + 2,714 MW capacity secured  
| 8,792 GWh generated

**Canada**

| 30 MW operational + 100 MW capacity secured  
| 41 GWh generated

**Mexico**

| 200 MW operational + 296 MW capacity secured  
| 380 GWh generated

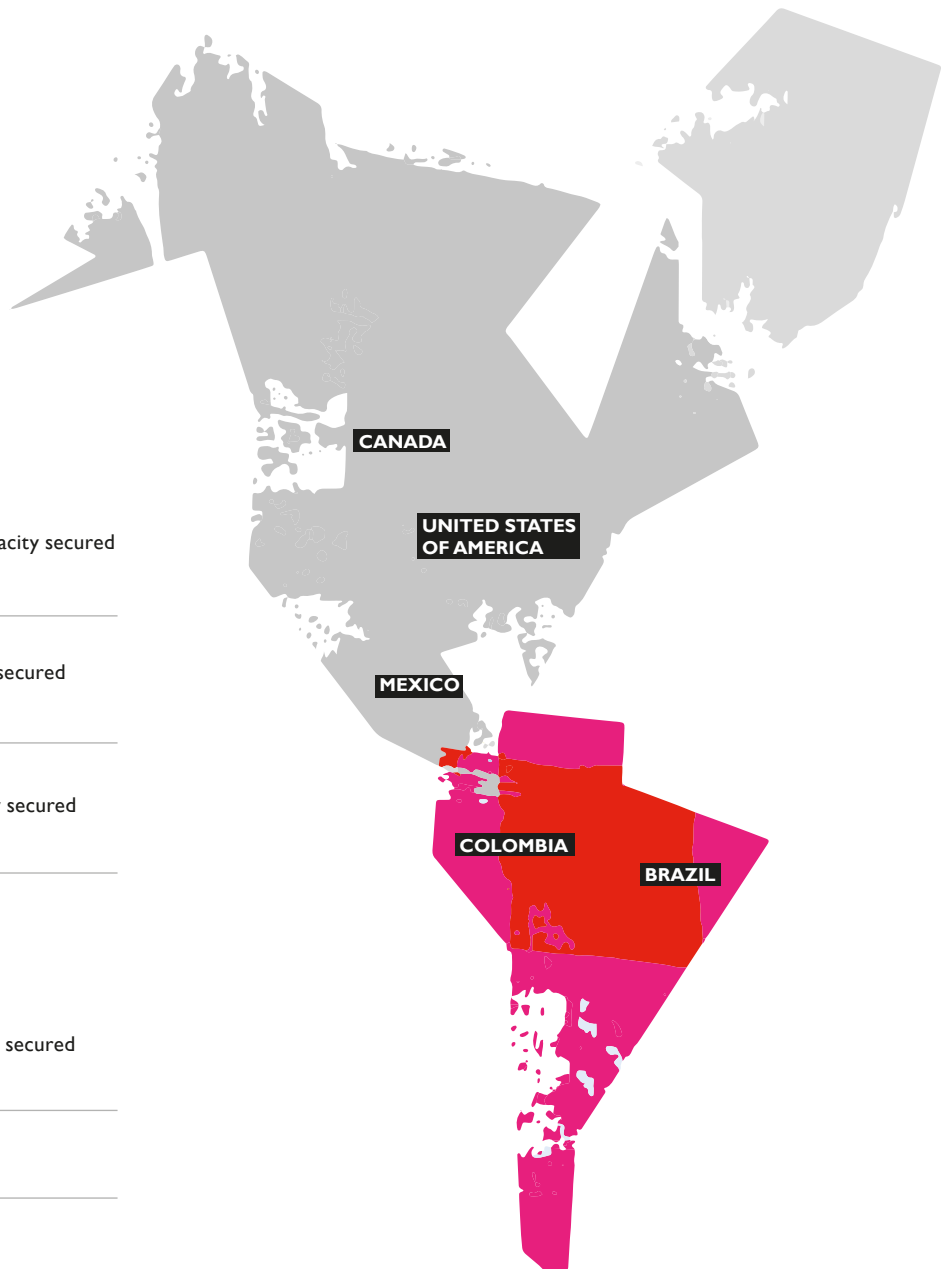
**SOUTH AMERICA**  **82**

**Brazil**

| 331 MW operational + 660 MW capacity secured  
| 388 GWh generated

**Colombia**

| 492 MW capacity secured



EUROPE  814

Spain

| 2,126 MW operational + 183 MW capacity secured  
| 2,102 GWh generated

Portugal

| 1,164 MW operational + 326 MW capacity secured  
| 1,262 GWh generated

France

| 66 MW operational + 116 MW capacity secured  
| 80 GWh generated

Belgium

| 10 MW capacity secured

Poland

| 418 MW operational + 395 MW capacity secured  
| 615 GWh generated

Romania

| 521 MW operational  
| 668 GWh generated

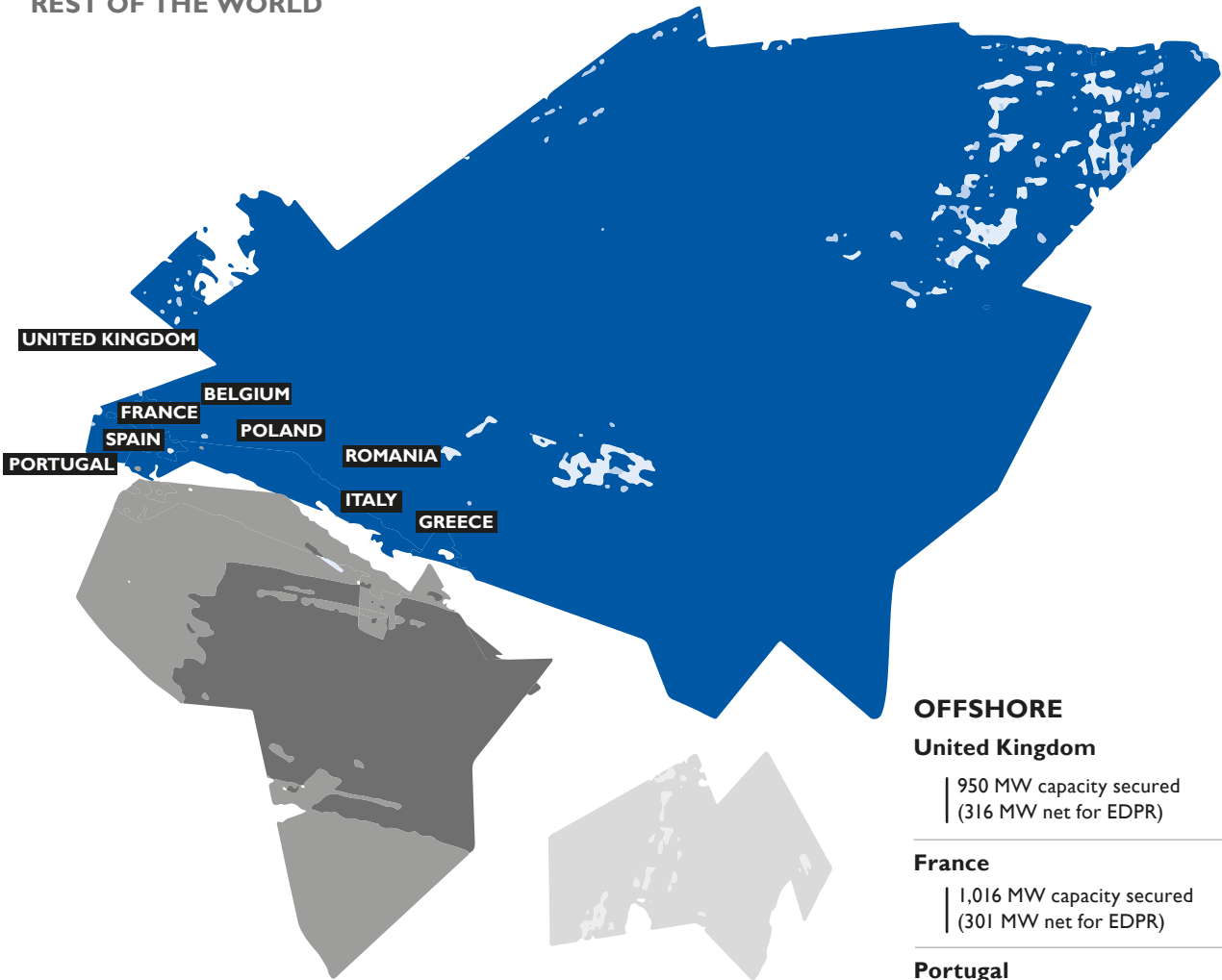
Italy

| 271 MW operational + 228 MW capacity secured  
| 335 GWh generated

Greece

| 119 MW capacity secured

REST OF THE WORLD



OFFSHORE

United Kingdom

| 950 MW capacity secured  
| (316 MW net for EDPR)

France

| 1,016 MW capacity secured  
| (301 MW net for EDPR)

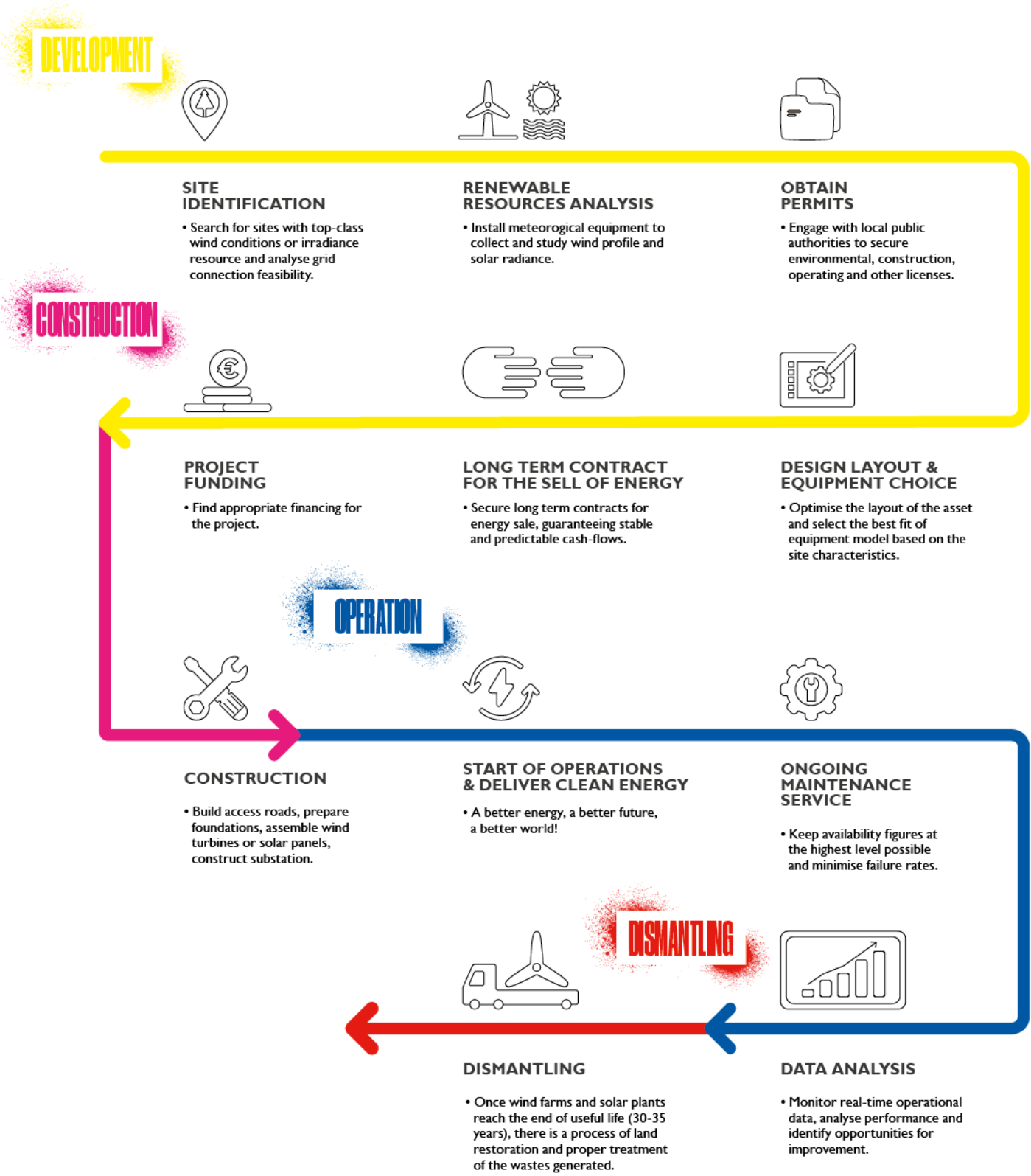
Portugal

| 25 MW capacity secured  
| (14 MW net for EDPR)

United States of America

| 804 MW capacity secured  
| (402 MW net for EDPR)

# Business Description



I.1.4

# EDPR Main Events in 1H20

## Jan

EDPR SECURES A 19-YEAR PPA FOR A NEW 66 MW SOLAR PROJECT IN THE BRAZILIAN STATE OF PARAÍBA.

## Jan

EDPR FINALIZES AN AGREEMENT WITH ENGIE TO CREATE A 50:50 JOINT-VENTURE FOR OFFSHORE WIND.

## Jan

EDPR SECURES A 20-YEAR CFD AT THE ITALIAN WIND AUCTION TO SELL ELECTRICITY PRODUCED BY 3 WIND FARMS WITH A TOTAL CAPACITY OF 109 MW.

## Jan

EDPR RECOGNISED BY THE TOP EMPLOYERS INSTITUTE AS ONE OF THE BEST COMPANIES TO WORK FOR IN EUROPE IN 2020.

## Jan

EDPR ENTERS THE 2020 BLOOMBERG GENDER-EQUALITY INDEX FOR THE FIRST TIME.

## Feb

EDPR CONCLUDES €0.3 BILLION ASSET ROTATION DEAL FOR BRAZILIAN WIND FARMS WITH 137 MW OF INSTALLED CAPACITY.

## Mar

THE SPANISH GOVERNMENT PUBLISHES THE REGULATORY REVISION FOR WIND ENERGY ASSETS.

## Mar

EDPR ANNOUNCES THE PAYMENT OF A GROSS DIVIDEND OF 0.08 EUROS PER SHARE.

## Mar

EDPR DONATES OVER €800K IN ALL COUNTRIES WHERE IT IS PRESENT TO HELP LOCAL COMMUNITIES COMBAT THE GLOBAL PANDEMIC.

## Apr

EDPR SECURES A 15-YEAR MINIMUM PERIOD PPA FOR A 200 MW SOLAR PROJECT IN MEXICO.

## Apr

EDPR SECURES A PPA FOR 59 MW IN SPAIN.

## May

EDPR SECURES A 15-YEAR PPA FOR A 100 MW SOLAR PROJECT IN CALIFORNIA, USA.

## May

EDPR SECURES A 20-YEAR CFD AT THE ITALIAN WIND AUCTION TO SELL ELECTRICITY PRODUCED BY 2 WIND FARMS WITH A TOTAL CAPACITY OF 54 MW.

I.2. IH20 IN REVIEW

I.2.1

# Key Metrics



**CAPEX**  
**€642m**

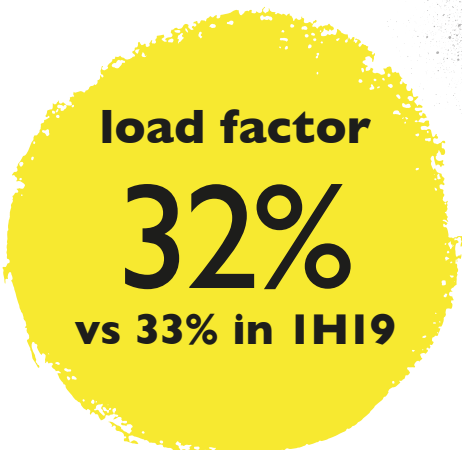


**technical availability**

**96.8%**  
vs 97.1% in IH19



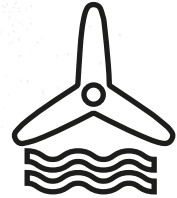
net income  
**€255m**



**EBITDA**  
**€793m**

**1,610**  
employees  
+10% YoY

emissions  
avoided  
**10 mt CO<sub>2</sub>**



**CORE  
OPEX/  
AVG. MW<sup>1</sup>**  
  
€19k/MW

**generation**  
**15 TWh**  
-9% YoY

employees  
trained  
**86%**  
11 hours/employee



**100%<sup>2</sup>**  
capacity certified  
ISO 14001

**100%<sup>2</sup>**  
capacity certified  
OHSAS 18001

**operating  
cash-flow**  
€526m

<sup>1</sup> CORE OPEX/MW ADJUSTED BY SELL-DOWN ASSETS DECONSOLIDATED AND FOREX

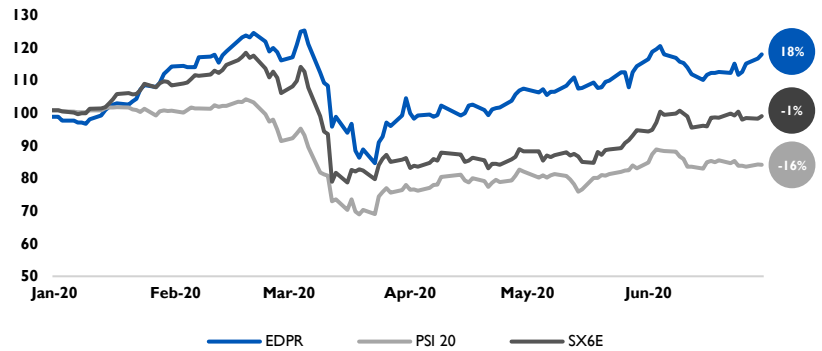
<sup>2</sup> CALCULATION BASED ON 2018YE INSTALLED CAPACITY. EDPR CERTIFIES THE FACILITIES THE YEAR AFTER THE COD (COMMERCIAL OPERATING DATE). THUS, THE FACILITIES THAT HAVE ENTERED INTO OPERATION IN 2019 WILL BE CERTIFIED IN 2020.



## 1.2.2 SHARE PERFORMANCE

EDPR has 872.3 million shares listed and admitted to trading in NYSE Euronext Lisbon. On June 30<sup>th</sup> 2020, EDPR had a market capitalisation of €10.7 billion, above the €9.2 billion at previous year-end, and equivalent to €12.30 per share. In the 1H20 total shareholder return was +19%, considering the dividend paid on April 24<sup>th</sup> of €0.08 per share.

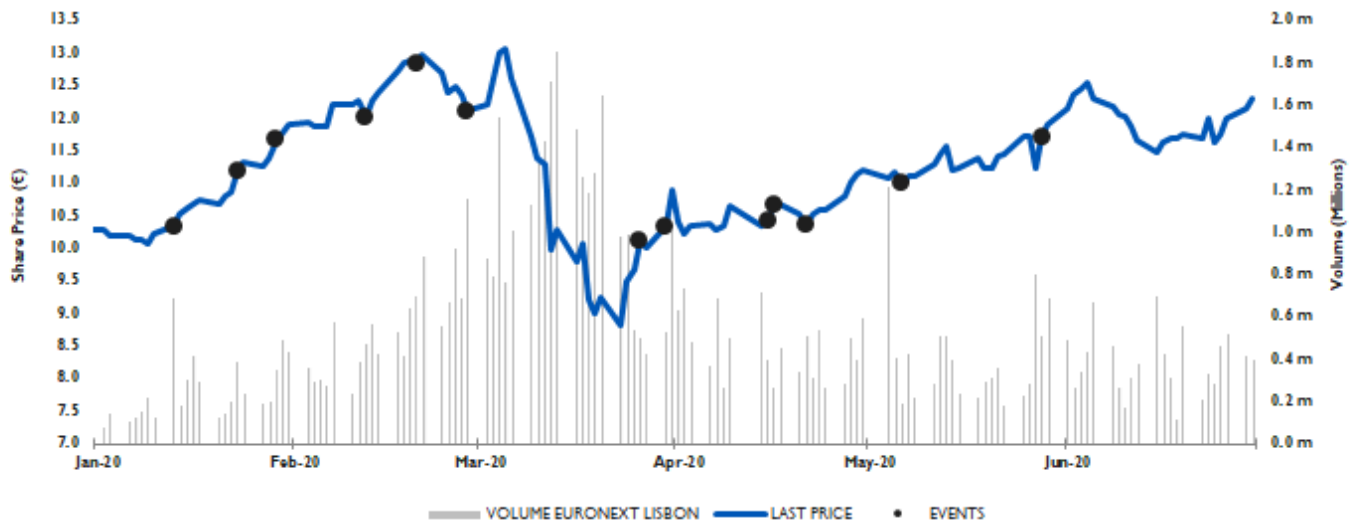
### Indexed EDPR Share Performance vs. PSI20 & SX6E



EDPR IN CAPITAL MARKETS	JUN-20	2019	2018	2017	2016
Opening Price (€)	10.42	7.78	6.97	6.04	7.25
Minimum Price (€)	8.82	7.72	6.78	5.71	5.70
Maximum Price (€)	13.06	10.50	9.17	7.20	7.28
<b>Closing Price (€)</b>	<b>12.30</b>	<b>10.42</b>	<b>7.78</b>	<b>6.97</b>	<b>6.04</b>
<b>Market Capitalisation (€ Millions)</b>	<b>10,729</b>	<b>9,159</b>	<b>6,782</b>	<b>6,077</b>	<b>5,265</b>
Total Traded Volume: Listed & OTC (Millions)	212.97	162.72	209.59	421.94	291.07
...of which in Euronext Lisbon (Millions)	66.82	36.24	44.01	101.63	103.50
Average Daily Volume (Millions)	1.69	.64	.82	1.65	1.13
Turnover (€ Millions)	2,404.76	1,502.80	1,587.12	2,744.04	1,828.34
Average Daily Turnover (€ Millions)	19.09	5.89	6.22	10.76	7.11
Rotation of Capital (% of Total Shares)	24%	19%	24%	48%	32%
Rotation of Capital (% of Floating Shares)	109%	83%	107%	215%	141%
Total Shareholder Return	19%	36%	12%	16%	-16%
<b>Share Price Performance</b>	<b>18%</b>	<b>36%</b>	<b>12%</b>	<b>15%</b>	<b>-17%</b>
<b>PSI 20</b>	<b>-16%</b>	<b>10%</b>	<b>-12%</b>	<b>15%</b>	<b>-12%</b>
<b>Dow Jones Eurostoxx Utilities</b>	<b>-1%</b>	<b>22%</b>	<b>0%</b>	<b>16%</b>	<b>-8%</b>

### EDPR's main events in 1H20

- |   |               |  |    |               |   |
|---|---------------|--|----|---------------|---|
| 1 | <b>13-Jan</b> | EDPR secures a PPA for a new 66 MW solar project in Brazil                               | 7  | <b>26-Mar</b> | EDPR Annual Shareholders Meeting  |
| 2 | <b>23-Jan</b> | EDPR finalises the agreement with ENGIE to create a 50:50 JV for offshore wind           | 8  | <b>30-Mar</b> | EDPR announced payments of dividends corresponding to 2019                          |
| 3 | <b>29-Jan</b> | EDPR is awarded a 20-year CfD for 109 MW of wind at Italian auction                      | 9  | <b>16-Apr</b> | EDPR secures a long-term 200 MW solar PPA in Mexico                                 |
| 4 | <b>12-Feb</b> | EDPR concludes €0.3 billion asset rotation deal for 103 MW Babilonia wind farm in Brazil | 10 | <b>21-Apr</b> | EDPR announced IQ20 Operating Data  |
| 5 | <b>20-Feb</b> | EDPR informed about its FY 2019 results  | 11 | <b>24-Apr</b> | EDPR secures a PPA for 59 MW in Spain   |
| 6 | <b>28-Feb</b> | Spanish government published the regulatory revision for wind energy assets              | 12 | <b>06-May</b> | EDPR secures a 15-year PPA for 100 MW in the state of California, USA               |
|   |               |  | 13 | <b>28-May</b> | EDPR is awarded a 20-year CfD for 2 projects in Italy for a total capacity of 54 MW |



### 1.3 ORGANISATION

#### 1.3.1 SHAREHOLDER STRUCTURE

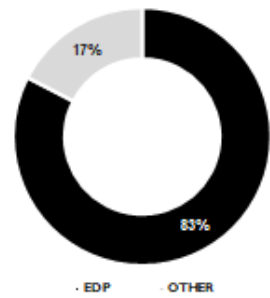
**EDPR shareholders are spread across more than 20 countries, being EDP the main shareholder.**

EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872,308,162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the Euronext Lisbon regulated market.

#### MAJOR SHAREHOLDERS, THE EDP GROUP

The majority of the Company’s share capital is owned by EDP Group, holding 82.6% of the share capital and voting rights, since the General and Voluntary Public Tender Offer closed in August 2017, where EDP Group increased by 5.03% its shareholding in EDPR’s share capital and voting rights. EDP Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity in Spain and is one of the largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of electricity. EDP has a worldwide relevant presence, being present in 16 countries and has close to 12,000 employees around the world. In 2019, EDP had an installed capacity of 26.7 GW, generating 66.7 TWh, of which 66% came from renewables. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP S.A. is a listed company whose ordinary shares are traded in the Euronext Lisbon since its privatisation in 1997.

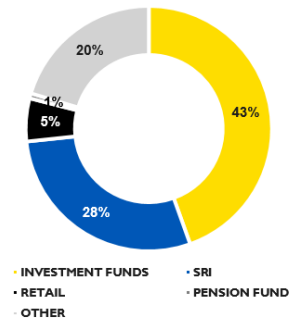
**EDPR Shareholder**



#### OTHER SHAREHOLDERS

In October 2019, MFS notified EDPR that, in accordance with article 23 of the Royal Decree 1362/2007 and as a result of transactions hold on October 3<sup>rd</sup>, it crossed the 3% minimum threshold for qualified shareholding positions. MFS decreased its shareholding to 25,674,035 ordinary shares of EDPR, which corresponds to 2.943% of EDPR’s share capital and 2.943% of the respective voting rights, therefore leaving its qualified shareholding position in EDPR.

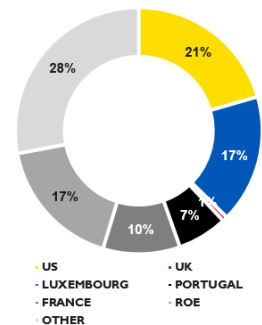
**Shareholders (Ex-EDP) by Type**



#### BROAD BASE OF INVESTORS

EDPR has an international base of investors. Excluding EDP Group, EDPR shareholders comprise more than 27,000 institutional and private investors spread worldwide. Within institutional investors, which represent about 95% of shareholder base (ex-EDP Group), investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

**Shareholders (Ex-EDP) by Country**



#### WORLDWIDE SHAREHOLDERS

EDPR shareholders are spread across 22 countries, being United States the most representative country, accounting for 21% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, France, Portugal and Switzerland. In the Rest of Europe, the most representative countries are Germany, Norway, Sweden, Belgium and Spain.

### 1.3.2 GOVERNANCE MODEL

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

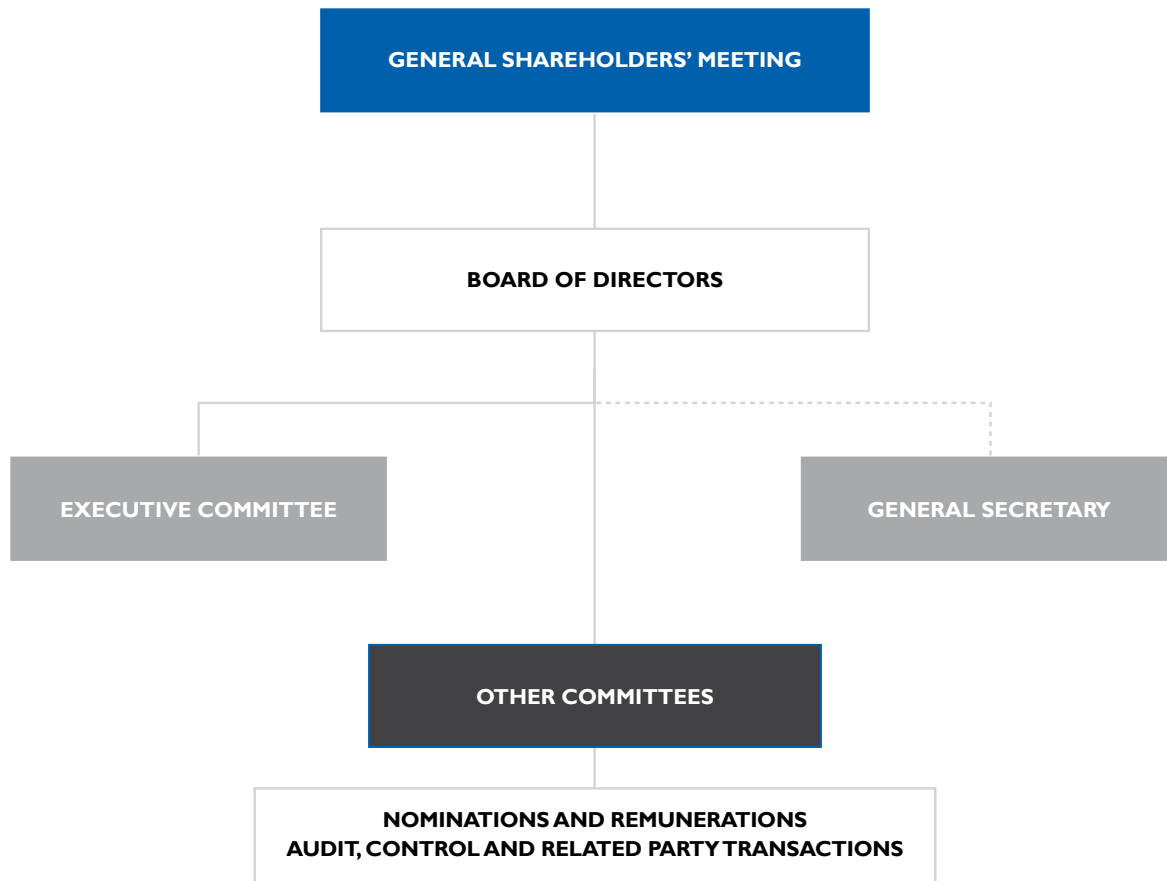
EDPR is a Spanish Company listed in a regulated stock exchange in Portugal, being the regulation of its corporate organisation subject to the Spanish law, but trying to parallelly also comply to the extent possible with the Portuguese recommendations contained in the Corporate Governance Code of the Instituto Português de Corporate Governance (“IPCG”).

Considering the applicable guidelines as of this regulatory framework, EDPR’s model was designed with the aim of ensuring a transparent and meticulous separation of duties and management by the same time that provides a specialisation in the supervision functions. As such, EDPR’s governance structure is comprised by a General Shareholders’ Meeting and a Board of Directors (BoD) that represents and manages the Company, which in accordance with the law and its Articles of Association has additionally set up three delegated Committees entirely composed its members: the Executive Committee, the Audit, Control and Related-Party Transactions Committee and the Nominations and Remunerations Committee.

Additionally, as detailed in the Corporate Governance chapter, with the purpose of adapting to the extent possible this structure to the Portuguese legislation, EDPR parallelly seeks to correspond it to the so-called “Anglo-Saxon” model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

This structure and its functioning enable a fluent workflow between all levels of the governance model, as each of the delegated Committees shall report the decisions taken to the Board of Directors, and additionally all the Committees Members are also Members of the Board. Hence, this organisation allows Directors to receive the complete information at Board of Directors level in order to take the corresponding decisions, and all in all, ensuring in time and manner the access to all the information in order to appraise the performance, current situation and perspectives for the further development of the Company.

As exposed above, the governance model of EDPR was designed to ensure the transparent and meticulous separation of duties and the specialisation of supervision through the following structure of its governing bodies:



# Board of Directors

- Executive Committee
- Audit, Control and Related Party Transactions Committee
- Nominations and Remunerations Committee
- Independent Member



**ANTÓNIO MEXIA**  
Chairman



**EMILIO GARCÍA-CONDE**  
General Secretary



**JOÃO MANSO NETO**  
Vice-Chairman & CEO



**DUARTE BELLO**  
COO Europe & Brazil



**MIGUEL ÁNGEL PRADO**  
COO North America



**SPYRIDON MARTINIS**  
COO Offshore & CDO



**VERA PINTO PEREIRA**



**RUI TEIXEIRA\***



**MANUEL MENÉNDEZ**



**ANTÓNIO NOGUEIRA LEITE**  
Lead Independent Director



**ACÁCIO PILOTO**



**ALLAN J. KATZ**



**FRANCISCA GUEDES DE OLIVEIRA**



**FRANCISCO SEIXAS DA COSTA**



**CONCEIÇÃO LUCAS**



**ALEJANDRO FERNÁNDEZ DE AROZ**

\* See subsequent events, page 46

## **A) GENERAL SHAREHOLDERS' MEETING**

The General Shareholders' Meeting is the body where the shareholders participate. Represents the Company with the full authority corresponding to its legal personality and has the power to deliberate, vote and adopt decisions, particularly on matters that the law and Articles of Association reserve for its decision and must be submitted for its approval.

## **B) BOARD OF DIRECTORS**

The Board of Directors is the body that represents and administrates the Company under the broadest powers of management, supervision and governance with no limitations other than the responsibilities expressly and exclusively granted to the jurisdiction of the General Shareholders Meeting in the Company's Articles of Association or in the applicable law.

In line with the best corporate governance practices and in accordance with its Articles of Association, EDPR's Board of Directors shall consist of no less than 5 and no more than 17 members (including a Chairperson), who are elected for 3 years period and that may be re-elected for equal periods. EDPR Board of Directors is currently composed by 15 Board Members, 11 are non-executive, from which a total of 6 are also independent.

### **DELEGATED COMMITTEES OF THE BOARD OF DIRECTORS**

As stated, EDPR BoD has set up three delegated Committees entirely composed by its members: the Executive Committee, the Audit, Control and Related-Party Transactions Committee and the Nominations and Remunerations Committee.

#### **I) EXECUTIVE COMMITTEE**

This is the delegated body of the Board of Directors entrusted to perform the daily management of the business. EDPR's Executive Committee is composed by the following members that are also "Consejeros Delegados Mancomunados".

The CEO, João Manso Neto, is empowered to ensure the daily management of the business and to coordinate the implementation of the BoD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers.

The COO of Offshore, COO of Europe & Brazil and the COO of North America coordinate their units by developing, establishing and implementing the strategic plan for the renewable energy business, in accordance with the guidelines set by the BoD. They are also responsible for planning, organising and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective segment. The Chief Development Officer ("CDO") is responsible for the business development areas and for implementing processes to support business growth.

#### **II) AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE**

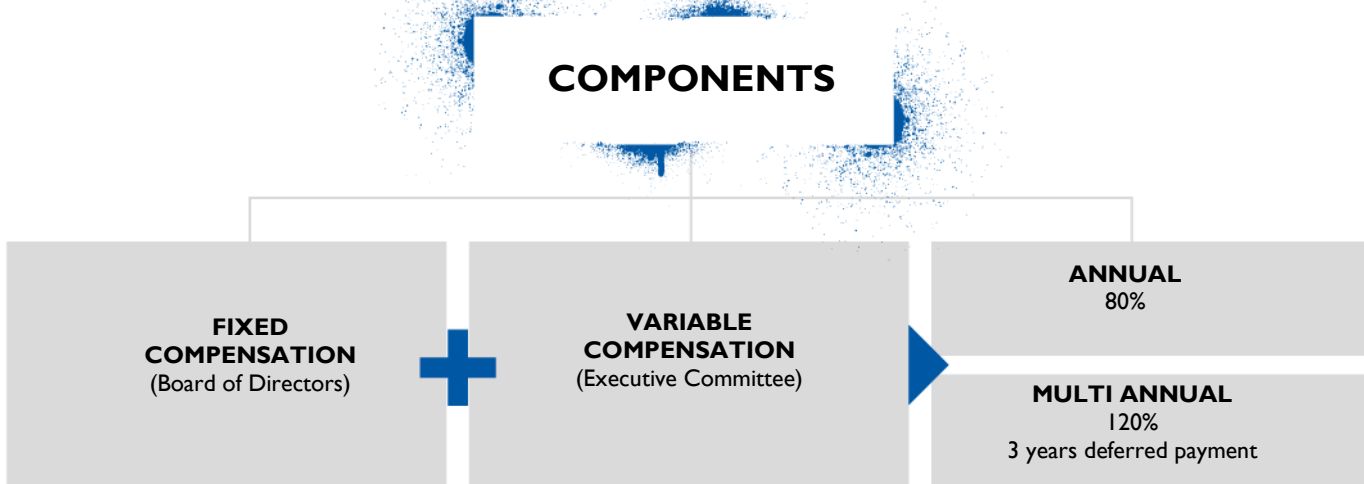
This is the specialised and delegated Committee of the BoD in charge of, among others, the appointment of the Company's auditors and the internal risk management and control systems, supervision of internal audits and compliance and ratification of transactions between EDPR and EDP and between its related parties, qualified shareholders, directors, key employees or his relatives and prepares an annual report on its supervisory activities. The Audit, Control and Related Party Transactions Committee consists of three (3) independent members: Acácio Piloto (who is the Chairman), Francisca Guedes de Oliveira and António Nogueira Leite.

#### **III) NOMINATIONS AND REMUNERATIONS COMMITTEE**

This is the specialised and delegated Committee of the Board of Directors in charge of, within others, the assistance and report to the Board about appointments, re-elections, dismissals, evaluation and remunerations of the Directors. Nominations and Remunerations Committee consists of three (3) independent members: António Nogueira Leite (who is the Chairman), Francisco Seixas da Costa and Conceição Lucas.

**REMUNERATION POLICY**

EDPR governance model is reinforced by an incentive structure with transparent remuneration through variable remuneration based on key performance indicators. The definition of the proposal of the remuneration policy for the members of the Board of Directors is incumbent on Nominations and Remunerations Committee, which is appointed by the Board of Directors. The graphic below describes the remuneration policy.



**THE VARIABLE REMUNERATION 2020-22 IS DEFINED IN LINE WITH CLUSTERS THROUGH 14 KPIS**

<b>SHAREHOLDERS</b> <ul style="list-style-type: none"> <li>Operating Cash Flow</li> <li>Asset Rotation/Sell-down + Tax Equity</li> <li>EBITDA + Sell-down gains</li> <li>Net Profit</li> <li>Core Opex Adjusted</li> <li>Projects with FID</li> </ul>	48%	<b>CLIENTS</b> <ul style="list-style-type: none"> <li>Renewable Capacity Built</li> </ul>	8%	<b>PEOPLE MANAGEMENT</b> <ul style="list-style-type: none"> <li>People Management indicators</li> </ul>	8%
		<b>ASSETS &amp; OPERATIONS</b> <ul style="list-style-type: none"> <li>Technical Energy Availability</li> <li>Capex per MW</li> </ul>	8%	<b>INNOVATION &amp; PARTNERS</b> <ul style="list-style-type: none"> <li>H&amp;S frequency rate (employees + contractors)</li> </ul>	4%
				<b>ENVIRONMENT &amp; COMMUNITIES</b> <ul style="list-style-type: none"> <li>Certified MWs</li> </ul>	4%
<b>TOTAL SHAREHOLDER RETURN</b> vs wind peers & PSI 20	15%	<b>REMUNERATION COMMITTEE</b> Appreciation of the committee	5%		

For more information, please refer to the Approval of the Remuneration Policy of the members of the Board of Directors, available at the 10th Item of the General Shareholders' Meeting agenda.

For further detailed information regarding the responsibilities and roles of the different social bodies, the activity during 1H 2020 and the Company's up-to-date articles of association and regulations, please visit [www.edpr.com](http://www.edpr.com).

### 1.3.3 ORGANISATION STRUCTURE






**The organisation structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimising support processes and creating synergies.**

#### ORGANISATIONAL MODEL PRINCIPLES

EDPR organisation model is organized around five main elements: a corporate center Holding, Onshore Europe & Brazil, Onshore North America, Offshore and New Geographies. Each element includes different business units specialized in each of the country specificities.



The principles on which EDPR bases its organisational model is defined by the Executive Committee. These are a set of performance aspects that: define the characteristics of the relationships, grant the rights between EDPR Holding and the business units, and ensure optimal efficiency and value creation.

 <p><b>ACCOUNTABILITY ALIGNMENT</b></p>	<p>Critical KPIs and span of control should be hierarchically aligned at project, country, platform and holding level to endure accountability tracking, and to take advantage of complementarities derived from end-to-end process vision.</p>
 <p><b>CLIENT-SERVICE</b></p>	<p>Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses, and best practices are defined and distributed by corporate units.</p>
 <p><b>LEAN ORGANISATION</b></p>	<p>Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.</p>
 <p><b>REINFORCE COLLEGIATE DECISION MAKING</b></p>	<p>Ensure proper country-balance dynamics to ensure multiple-perspective challenge across functions.</p>
 <p><b>CLARITY AND TRANSPARENCY</b></p>	<p>Platforms organizational models should remain similar, to allow for:</p> <ol style="list-style-type: none"> <li>(1) Easy coordination, vertically (holding-platforms) and horizontally (across platforms);</li> <li>(2) Scalability and replicability to ensure efficient integration of future growth.</li> </ol>

## EDPR HOLDING

EDPR Holding seizes value creation, through the dissemination of best practices in the organisation and the standardisation of corporate processes to the platforms, structures and the business units to improve efficiency. The internal coordination model and interface with EDP Group impacts functions and responsibilities of both the company's processes and structure. The assignments of the main responsibilities and activities of EDPR Holding to fulfil their respective missions include:

- Definition of internal structures;
- Ensure a global budget and its periodic monitoring;
- Manage the necessary human resources;
- Provide appropriate management information;
- Compete for a culture of excellence throughout the Group;
- Integrate a risk management and compliance in each area of responsibility, ensuring the monitoring and effectiveness of controls.

### STRATEGIC MANAGEMENT

Covers the activity of EDPR Holding to support the Executive Committee

- Define strategy objectives, policies, rules and procedures
- Promote the dissemination of the EDPR culture and best practices
- Review the accomplishment of the company's business plan
- Control key performance indicators

### TRANSVERSAL OPERATION

Systematically and progressively coordinate between EDPR Holding and the Business Units

- Leading the activities included in the mission and functions of corporate addresses
- Align the policies and strategies of each business unit
- Ensure a functional reporting including: policies, plan of action of activities
- Linking the regulatory obligations of each business unit with efficient and effective management by leveraging corporate knowledge to maximise the interests and results of the Group
- Capture synergies and optimise support processes

## EDPR COMPONENTS

- **EDPR Europe & Brazil Onshore platform:** there are different business units where the company operates, namely Spain, Portugal, France/Belgium, Italy, Poland, Romania and Brazil.
- **EDPR North America Onshore platform:** there are three business units that represent the operational regions in North America: United States of America, Mexico and Canada.
- **EDPR's Offshore & New Geographies structures:** EDPR and ENGIE announced the creation of Ocean Winds (OW), a joint venture formed and equally controlled by both companies in the floating and fixed offshore wind energy sector, with presence in 6 countries. OW incorporates the consolidated assets and marine wind pipelines of both companies, with a total of 1.5 GW under construction and 4 GW under development. This new business has a clear objective of becoming the global leader in its segment and has set a goal of 5 to 7 GW in operation or under construction, plus 5 to 10 GW in the advanced stages of development by 2025. Also, the New Geographies structure grants EDPR's international business expansion in any geography where the company does not currently operate.



# 02

## 02 STRATEGIC APPROACH

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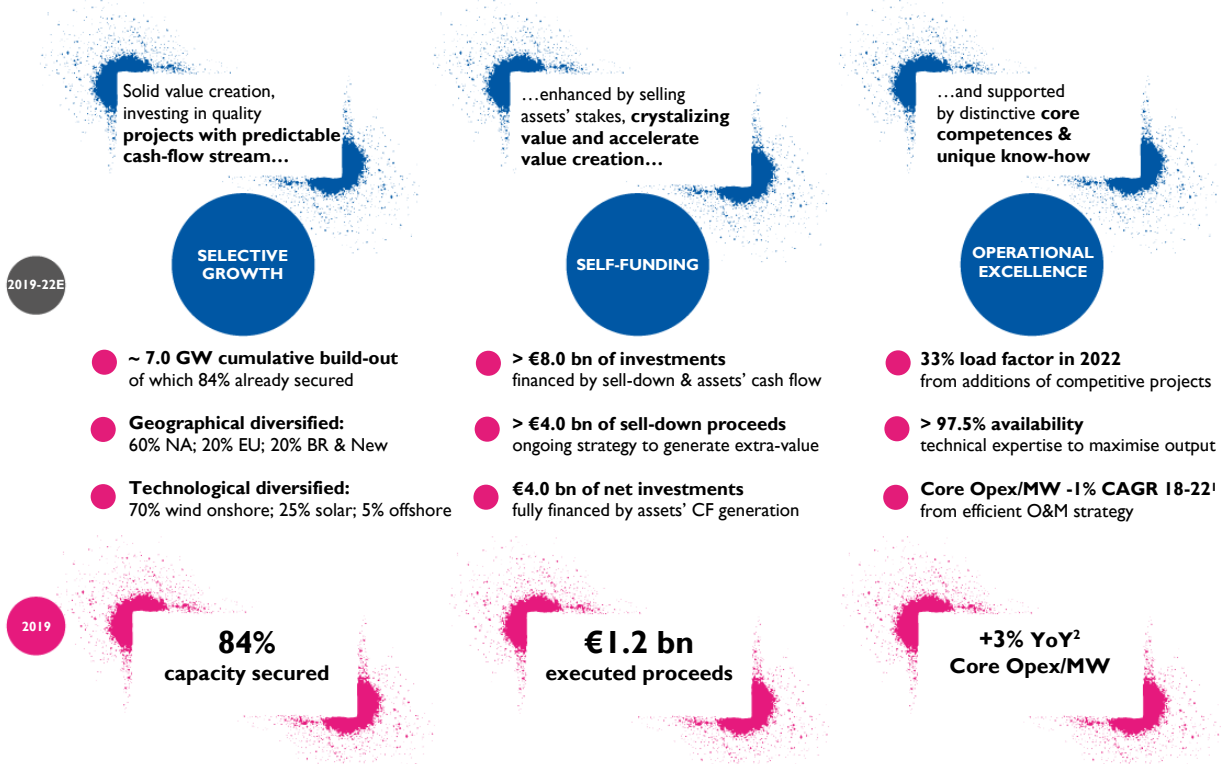
# 02

## STRATEGIC APPROACH

### 2.1. STRATEGY

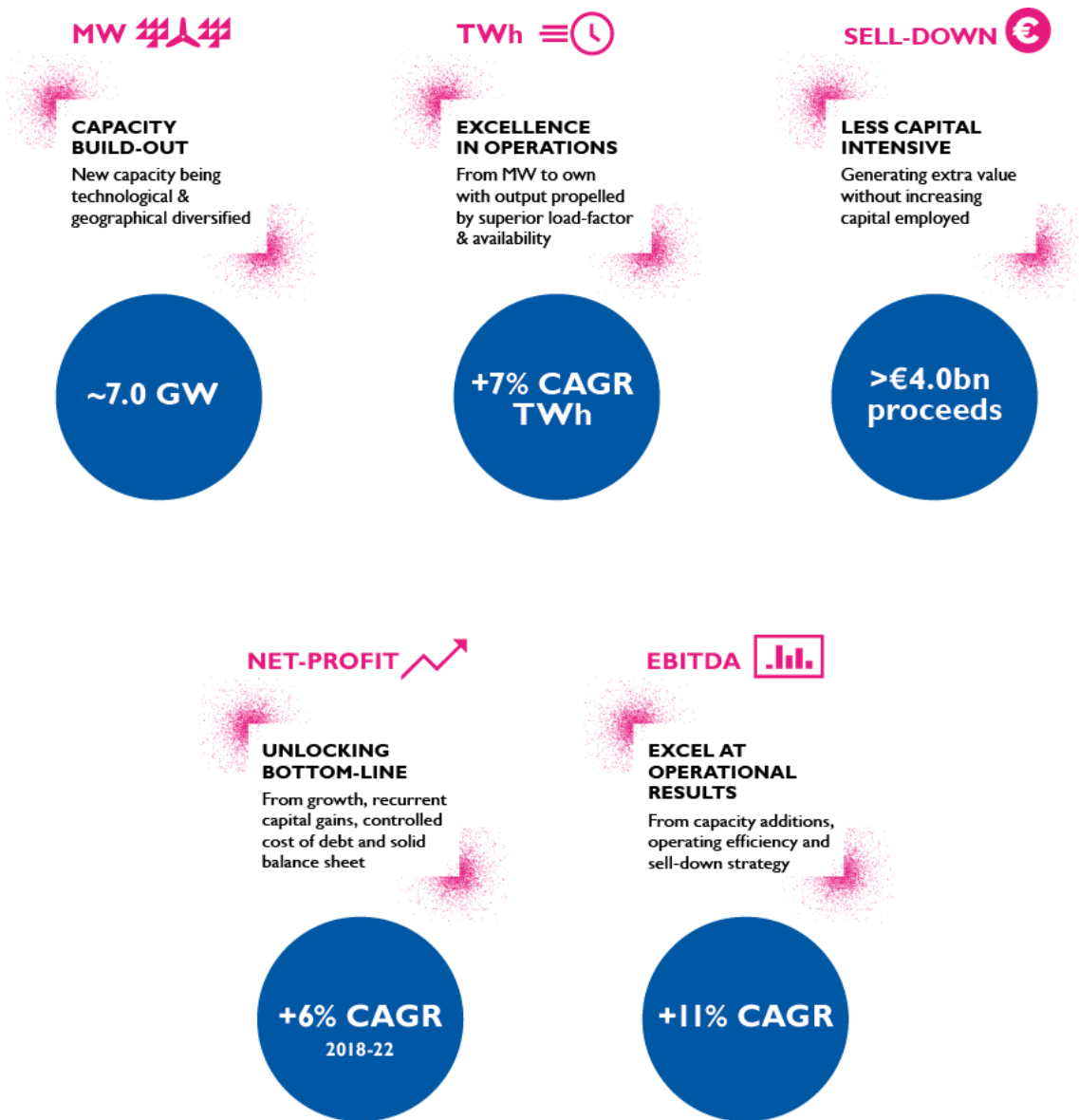
#### EDPR'S STRATEGY IS SUPPORTED BY ITS THREE MAIN PILLARS:

Since its inception, EDPR has been performing a strategy focused on selective growth, by investing in quality projects with predictable future cash-flows, and seamless execution, supported by core competences that yield superior profitability, all embedded within a distinctive and self-funding model designed to accelerate value creation. As a result of undertaking such strategy, at the same time flexible enough to accommodate changing business and economic environments, EDPR remains today a leading company in the renewable energy industry.



(1) OF WHICH ~50% TO OWN  
 (2) CORE OPEX/MW ADJUSTED BY SELL-DOWN ASSETS DECONSOLIDATED AND FOREX

EDPR Business model to deliver solid and ambitious growth targets through 2022 positioning to successfully lead a sector with increased worldwide relevance.



## 2.1.1 SELECTIVE GROWTH

Growing selective is the key principle behind EDPR's investment selection process, with new projects having long-term PPAs secured or being awarded long-term contracts under stable regulatory frameworks, as well as exhibiting above portfolio average load factor. As presented in March 2019, EDPR plans to add c.7.0 GW for the 2019-2022 period, of which 6.0 GW are already secured and to be installed until 2022. EDPR will diversify geographically and technologically growing on wind onshore, offshore and solar along with the entrance in new markets.



### EDPR MAIN GROWTH MARKET DRIVEN BY PPAS SECURED

North America is EDPR's main growth market, with 6.5 GW installed capacity, representing half of EDPR total portfolio.

**The US, Canada and Mexico will account for 60% of the total 7.0 GW targeted capacity additions.**

**EDPR has secured 75% of such target.** More than 3.1 GW of projects, of which 2.1 GW related to wind onshore projects, where 1.1 GW for 2020 and 0.4 GW for 2021, along with 1.0 GW related to solar projects, some of them with storage batteries, of which 0.2 GW for 2020, 0.2 GW for 2021 and 0.5 GW for 2022.

From 2019 to June 2020, EDPR built 0.8 GW of wind onshore and 0.1 GW of Solar PV in the US.



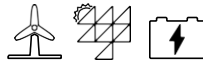
### FOCUS ON LOW RISK REGULATORY FRAMEWORKS

EDPR growth in Europe is supported by identified short-term opportunities along with medium-term pipeline options and PPA appetite.

In 2019-2022, **EDPR plans to add 1.4 GW in Europe, representing 20%** of the total capacity to be added in the period 2019-2022.

From the 1.4 GW, **EDPR already secured 1.1 GW related to wind onshore** projects of which 0.2 GW for 2020, 0.7 GW for 2021 and 0.1 GW for 2022, **along with 0.1 GW of solar** projects for 2022.

From 2019 to June 2020, EDPR built 0.2 GW of wind onshore in Europe.

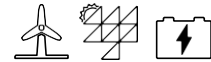


### PROJECTS WITH LONG-TERM PPAS

**Brazil represents a 10% of the 7.0 GW total capacity** to be added in the 2019-2022 period.

EDPR has been active in upcoming Brazilian opportunities, namely auction opportunities, given the strong fundamentals of the country, with high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements through an auction system.

**EDPR has currently more than 1 GW of renewable energy projects under development**, of which 0.3 GW of solar with start of operation expected for 2021 and 66 MW for 2022. Regarding wind 0.4 GW are expected for 2022 and 0.6 GW of wind for 2023 and 2024, all of them with long-term contracts secured.



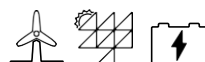
### WORLDWIDE OPPORTUNITIES LOW RISK + REGULATORY STABILITY

EDPR will expand its footprint along new countries with a dedicated team screening several markets and developing the best strategy for each market.

New countries are targeted at 10% of EDPR 2019-22 targeted growth. As of June 2020, **EDPR managed to secure c.90% of such target** with the entrance in Greece and Colombia in its portfolio.

**EDPR secured 120 MW in Greece** through different auctions under a remuneration scheme providing 20 years CfD and to be commissioned between 2020 and 2022.

In the other side of the globe, **492 MW were awarded** through capacity auction in **Colombia** to be operational in 2022.



### INVESTING IN OFFSHORE WIND TECHNOLOGY

Offshore wind energy is becoming an essential part of the global energy transition, leading to the market's rapid growth and increased competitiveness.

In 2019, a **Joint Venture** was announced by **EDPR and ENGIE** for worldwide offshore wind investments opportunities to bring together the industrial expertise and development capacity of both companies. EDPR and ENGIE will combine their offshore wind assets and project pipeline, starting with a total capacity of 1.5 GW under construction and 4.0 GW under development, with a **target of 5 to 7 GW of projects in operation or construction and 5 to 10 GW under advanced development by 2025.**



## 2.1.2 SELF FUNDING BUSINESS

EDPR self-funding model has been a cornerstone of EDPR's strategy and its success has been crucial for funding and propel growth.

The self-funding model relies on a combination of the cash generated from operating assets and EDPR's strategy of selling stakes in projects in operation or under development, along with the US Tax Equity structures to finance the profitable growth of the business. This model allows the company to create value while recycling capital.



### SELL DOWN STRATEGY

Proceeds from selling majority stakes in operational or under development assets are also important sources of funds for the self-funding model of EDPR in financing its profitable growth. Under this strategy, EDPR sells majority stakes in projects in operation or in late stage of development, allowing the company to recycle capital, with up-front cash flow crystallization, and create value by reinvesting proceeds in accretive growth, with the option to provide operating and maintenance services. On the top of these, the Sell Down strategy makes visible the value creation on reported financial statements, with capital gains being booked in the income statement.

As of June 2020, EDPR already announced €1.3 billion out of the >€4.0 billion of sell down proceeds for 2022, representing 30% of such target.



<b>Fully exit</b>	<b>997 MW</b> 491 net MW	<b>8 years</b> assets age
<b>€0.8 bn</b> proceeds	<b>€1.6 bn</b> entreprise value (100% of EV)	<b>€226 m</b> capital gains

Transaction completed in July 2019



<b>Fully exit</b>	<b>137 MW</b> 137 net MW	<b>1 year</b> assets age
<b>R\$0.6 bn</b> proceeds	<b>R\$1.2 bn</b> entreprise value	<b>€87 m</b> capital gains

Transaction completed in February 2020



### 2.1.3 OPERATIONAL EXCELLENCE

One of the strategic pillars that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind and solar plants. In this area, EDPR's teams, namely in operations and maintenance (O&M), have established a strong track record. EDPR has set targets for three key metrics: Load Factor, Technical Availability and Core Opex per MW. These metrics provide an overall view of the progress in EDPR wind assessment, O&M and cost control efforts. They also serve as good indicators for the overall operational efficiency of the company.



#### MAINTAINING HIGH LEVELS OF AVAILABILITY

Availability is the ratio between the energy actually generated and the energy that would have been generated without any downtime due to internal reasons, namely due to preventive maintenance or repairs. Therefore, it is a clear performance indicator of the company's O&M practices as it focuses on reducing to a minimum any malfunctions and performing maintenance activities in the shortest possible timeframe.

With a target of more than 97.5%, EDPR will continue to improve availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch center, reducing damages most common during extreme weather and improving the scheduling of planned stops. Also, a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs. The company has always maintained high levels of availability, having registered availability of 97% as of June 2020.

#### LEVERAGING QUALITY GROWTH ON DISTINCTIVE WIND ASSESSMENT TOWARDS 33% LOAD FACTOR

Load factor (or net capacity factor) is a measure for the renewable resource quality, that reflects the percentage of the maximum theoretical energy output, in a given period. EDPR 2019-22 Business Plan target a 33% load factor, mainly on the back of the increase competitiveness of new capacity additions. In the first half of 2020, EDPR reached a load factor of 32%.

#### INCREASING EFFICIENCY, BY REDUCING CORE OPEX/ AVG. MW

In addition to all company initiatives to boost production, EDPR also focuses on strict cost control efforts to improve efficiency and profitability. Leveraging on the experience accumulated over time, EDPR plans to reduce Core Opex/ avg. MW by -1% CAGR 2019-22. Core Opex is defined by Supplies and Services (including O&M activities) and Personnel costs, which are the costs that EDPR can actively manage. The target of reducing the manageable company costs structure, also benefits from the economies of scale of a growing company.

In the first half of 2020, adjusted by Sell-down asset deconsolidated, offshore costs, service fees, one-offs and forex, Core Opex per average MW was +3% YoY, given upfront costs to support future growth.

#### M3 PROGRAM AND SELF-PERFORMANCE

Based on EDPR's expertise, under the M3 program O&M teams will decide on the optimal balance between external contractors and in-house maintenance. This new program has quickly generated savings in operational expenses and increased control over quality. The self-perform program is a step further in EDPR's integration of maintenance tasks and activities, which is being implemented in the US, and consequently minimizes third-parties' dependency. EDPR targets to increase the share of its fleet under the M3 and Self-Perform program to c.60% by 2022, from c.30% levels in 2015, while at the same time keeping flexibility to choose the most competitive sourcing contract.

**COVID-19 UNDER EDPR STRATEGY**

EDPR activated Contingency Plan for Covid-19 in early March 2020, including protective measures for its employees and partners, initiatives to help local communities and operational response to minimize conditions for the spread of the virus & keep essential services in operation.

**POTENTIAL DISRUPTIONS FROM COVID-19 IN EDPR MAIN PILLARS:**



## 2.2. RISK MANAGEMENT

**In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the Company in achieving its financial and sustainability targets, while minimizing fluctuations of results.**

### RISK MANAGEMENT PROCESS

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency.

EDPR's Enterprise Risk Management Process is inspired on Basel Committee on Banking Supervision's principles, guidelines and recommendations and is similar to other risk management frameworks.

The process aligns EDPR's risk exposure with the Company's desired risk profile. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

The process is closely followed and supervised by the Audit, Control and Related Party Transactions Committee, an independent supervisory body composed of non-executive members.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the Company.

EDPR created three distinct meetings of the Risk Committee in order to help decision-making, separating discussions on execution of mitigation strategies, from those on the definition of new policies:

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

**RISK MAP AT EDPR**

Risk Management at EDPR is focused on covering all risks of the Company. In order to have a holistic view, they are classified in five Risk Categories. Within each Risk Category, risks are classified in Risk Groups. The full description of the risks and how they are managed can be found in the Corporate Governance chapter. The graph below summarises the Risk Categories, the Risk Groups and the Risk Management mitigation strategies at EDPR.

**RISK CATEGORIES**

**Market Risks**

It refers to the risk to EDPR resulting from movements in market prices. Due to the relationship between wind production and energy price, production risk is considered within market risk. In particular, market risks are changes in energy prices, energy production risk, interest rates, foreign exchange rates and other commodity prices.

**Counterparty Risk**

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

**RISK GROUPS**

- . Energy Price Risk
- . Energy Production Risk
- . Commodity Price Risk
- . Liquidity Risk
- . Inflation Risk
- . Exchange Rate Risk
- . Interest Rate Risk

- . Counterparty Credit Risk
- . Counterparty Operational Risk

**MITIGATION STRATEGIES**

- . Close analysis of natural hedges to define best alternatives
- . Hedge of market exposure through long term power purchase agreements (PPA) or short and medium term financial contracts
- . Natural FX hedging, with debt and revenues in same currency
- . Execution of FX hedging for net investment (after deducting local debt)
- . Execution of FX hedging to eliminate FX transaction risk, mainly in Capex
- . Execution of interest rate hedging
- . Execution of inflation hedging
- . Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

- . Counterparty exposure limits by counterparty and at EDPR level
- . Collateral requirement if limits are exceeded
- . Monitoring of compliance with internal policy

## RISK CATEGORIES

### Operational Risk

Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (such as an increase in equipment default rates, increasing O&M, or natural disasters).

### Business Risk

Potential loss in the Company's earnings due to adverse changes in business margins. Such losses can result, above all, from a serious increase in equipment prices or changes in the regulatory environment. Changes in energy prices and energy production are considered market risks.

### Strategic Risk

It refers to risks coming from macroeconomic, political, social or environmental situation in countries where EDPR is present, as well as those coming from a change in competitive landscape, from technology disruptions, from changes in energy markets or from governance decisions (investment decisions criteria, Corporate Governance and Reputational issues).

## RISK GROUPS

- . Development Risk
- . Legal Claims Risk (Compliance, Corruption, Fraud)
- . Execution Risk
- . Personnel Risk (health and safety, human rights, discrimination)
- . Operation Risk (Damage to Physical Assets, Equip. Performance, Environmental)
- . Processes Risk
- . Information Technologies Risk

- . Regulatory Risk (renewables)
- . Equipment Price Risk
- . Equipment Supply Risk

- . Country Risk
- . Competitive Landscape Risk
- . Technology Disruptions Risk
- . Invest. Decisions Criteria Risk
- . Reputational Risk
- . Meteorological Changes
- . Corp. Organisation and Governance
- . Energy Planning

## MITIGATION STRATEGIES

- . Supervision of suppliers by EDPR's engineering team
- . Flexible CODs in PPAs to avoid penalties
- . Partnerships with strong local teams
- . Monitor recurrent operational risks during construction and development
- . Close follow-up of O&M costs, turbine availability and failure rates
- . Insurance against physical damage and business interruption
- . Strict compliance with legal requirements and zero tolerance for discrimination, unethical behavior or fraud
- . Attractive remuneration packages and training for personnel
- . Revision and compliance with all regulations that affect EDPR activity (H&S, environmental, taxes...)
- . Control of internal procedures
- . Redundancy of servers and control centers of wind farms

- . Careful selection of energy markets based on country risk and energy market fundamentals
- . Diversification in markets and remuneration schemes
- . Diversification in technologies
- . Follow-up of regulation changes in markets where EDPR is present to adjust strategy if needed
- . Active involvement in major industry associations in all EDPR markets
- . Signing of medium-term agreements with equipment manufacturers to ensure visibility of prices and supply
- . Relying on a large base of equipment suppliers to ensure supply

- . Careful selection of countries
- . Worst case profitability analysis of every new investment considering all risks factors
- . Risk-return metrics at project and equity level
- . Profitability resilience metrics
- . Consideration of stress case scenarios in the evolution of energy markets for new investment decisions
- . Follow-up of cost effectiveness of renewable technologies and potential market disruptions

## RISK ANALYSES AND IMPACT OF COVID-19 IN EDPR

The first half of 2020 was marked by the COVID-19 pandemic. Already in March, EDPR proceeded to carry out a comprehensive assessment of the potential impacts on the company's operations, followed by recommendations of actions to be put in place and a process for continuous monitoring of the situation.

The impact of COVID-19 has been transversal across all areas and geographies of the company, but those impacts can be grouped under several risk categories:

- **Market Risk:**
  - **Energy price risk:** Energy price has dropped in most of EDPR geographies due to the reduction in demand following the lockdown and the reduction of economic activity. However, impact of lower energy prices on EDPR results is expected to be low, as EDPR's marginal merchant exposure is mostly hedged for 2020 and 2021 and fairly hedged beyond. Monitoring of market risk is performed on a monthly basis in the Restricted Risk Committee.
- **Counterparty Risk:** Despite the increase in exposure from counterparties in hedges and the deterioration of the financial situation of some of EDPR's PPA off-takers, impact for EDPR has been negligible and is expected to remain low due to the existing collateral in electricity hedges and a diversified portfolio of creditworthy PPA off-takers. Monitoring of counterparty risk is also performed monthly in the Restricted Risk Committee.
- **Operational Risk:**
  - **Execution Risk:** The impact of the pandemic on the construction and execution of projects will likely lead to some COD delays, due to construction stoppages and/or supply chain disruptions.

To mitigate this risk, EDPR has implemented a strategy of prioritization of projects and has set out a review of contractual clauses to prevent or minimize changes in tariff regimes, PPA penalties or Capex increases. At this point, the risk of losing any incentivized regime or PPA due to COD delay is considered extremely low.

Monitoring of the evolution of the execution risk at EDPR is performed on a weekly basis, together with the Engineering & Construction Department.
  - **Operation Risk:** No significant impact, as reduction of availability in plants, due to delayed maintenance or repairs, has been residual.
  - **Personnel Risk:** After initially implementing travel restrictions and adopting other measures designed to stop the spread of the novel coronavirus and guarantee the safety of its personnel, EDPR activated, in March, its Contingency Plan for pandemics, by implementing home office in all geographies and restricting access to its facilities, while minimizing disruptions in its operations, thus ensuring business continuity.

Currently, EDPR employees are gradually returning to the facilities according to a Reopening Plan with geographical specifications, guaranteeing the highest health & safety standards.

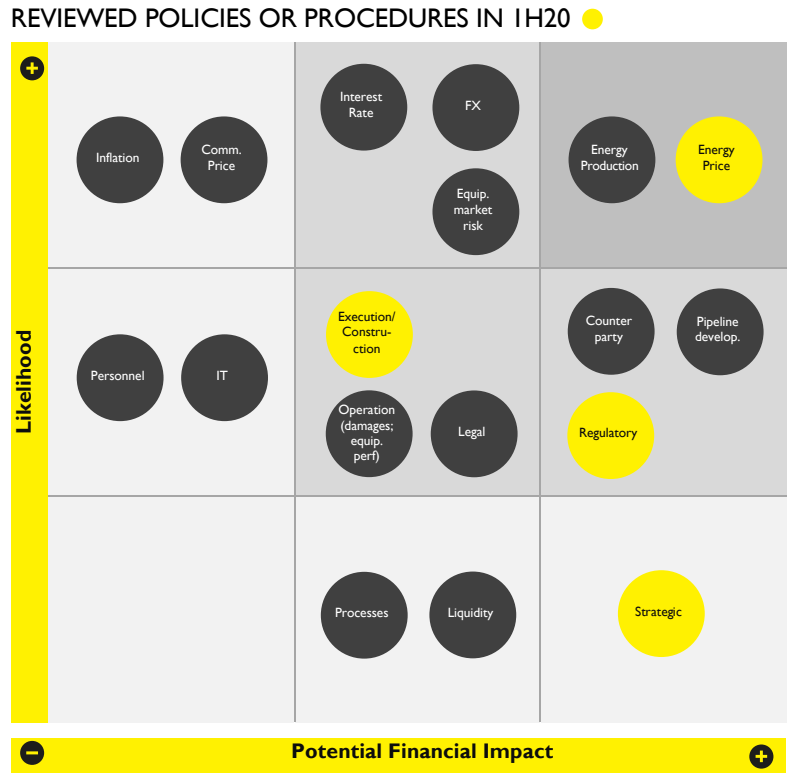
During 1H20, EDPR updated its view on the sustainability of RES policies in the geographies where the Company is or could potentially be present. This deep-dive analysis was performed within the scope of the Country Risk Policy.

Also, an analysis on the risk of curtailment and negative prices in specific geographies was performed, in order to define EDPR's preference in terms of the tandem market & technology.

Finally, EDPR carried out a review of historical BOP capex deviations for projects in both Europe & Brazil and North American platforms, with the aim of improving the accuracy of BOP contingencies to be included in the modelling of future projects.

## EDPR RISK MATRIX BY FINANCIAL IMPACT

EDPR Risk Matrix is a qualitative assessment of likelihood and impact of the different risk categories within the Company. It is dynamic and it depends on market conditions and future internal expectations.



## EDPR SUSTAINABILITY RISKS

EDPR’s commitment with its stakeholders means that the Company cares about assuring best practices in corporate social responsibility. EDPR has identified five risk factors key to the sustainability of the Company. The highest standards have been put in place to mitigate these risks:

- **Corruption and Fraud Risk:** EDPR has implemented a Code of Ethics and an Anti-Corruption Policy. The Code of Ethics has its own regulation that defines a process and channel, open to all stakeholders, to report any potential claim or doubt on the application of the code. The Ethics Ombudsperson is behind this communication channel, and is responsible for analysing and presenting to the Ethics Committee any potential ethical problem. The anti-corruption mailbox is also available to report any questionable practice and wrongdoing.
- **Environmental Risk:** EDPR has implemented an Environmental Management System, certified with the ISO 14001:2015, in order to follow best practices in the sector.
- **Human Resource Risk:** EDPR forbids any kind of discrimination, violence or behaviour against human dignity, as stated in its Code of Ethics. Strict compliance is enforced, not only making the Ethics Channel available to all stakeholders but also through constant awareness from all employees of the Company.
- **Health & Safety Risk:** EDPR deployed a H&S management system, complying with OHSAS 18001:2007, pursuing the “zero accidents” target.
- **Human Rights Risk:** EDPR has committed, through its Code of Ethics, to respect international human rights treaties and best work practices. All suppliers which sign a contract with EDPR are committed to be aligned with EDPR’s Code of Ethics principles.

In addition, quantification of the financial impact on the Company’s performance of these five sustainability risk factors is included within the Operational Risk analysis. Every year, EDPR evaluates the economic impact of its Operational Risk, following the guidelines of Basel III. The analysis includes the identification, estimation and mitigation of individual operational risks belonging to the short, medium and long term in all its geographies. For this purpose, EDPR takes into account present and future relevance of these risks, as well as historical data of their impact, with the help of department heads. The final results of the Operational Risk analysis are then communicated to the Executive Committee and shared with every department involved.

In the 1H20, none of the five sustainability risk factors mentioned above had a material financial impact on the Company’s performance. During 2020, EDPR will continue to work towards mitigating these sustainability risks and achieving its “zero accidents” target.

# 03

## 03 EXECUTION

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ENERGY**

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# 03

## EXECUTION

### 3.1. FINANCIAL CAPITAL

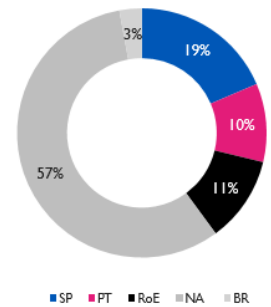
#### 3.1.1 OPERATIONAL PERFORMANCE

INSTALLED CAPACITY (MW)	vs. Jun-19					NCF			GWh		
	Jun-20	Built	Sold	Decom.	Var. YoY	Jun-20	Jun-19	Var.	Jun-20	Jun-19	Var.
Spain	1,974	+53	(348)	(18)	(313)	24%	30%	-5.6pp	2,102	3,009	(30%)
Portugal	1,164	-	(191)	-	(191)	25%	28%	-3.5pp	1,262	1,635	(23%)
Rest of Europe	1,276	+13	(458)	-	(445)	31%	27%	+3.4pp	1,699	1,967	(14%)
France	66	+13	(388)	-	(374)	34%	21%	+12.9pp	80	396	(80%)
Belgium	-	-	(71)	-	(71)	-	22%	n.a.	-	68	n.a.
Italy	271	-	-	-	-	28%	32%	-3.3pp	335	290	+15%
Poland	418	-	-	-	-	34%	32%	+1.5pp	615	585	+5%
Romania	521	-	-	-	-	29%	28%	+1.7pp	668	626	+7%
<b>Europe</b>	<b>4,415</b>	<b>+66</b>	<b>(997)</b>	<b>(18)</b>	<b>(949)</b>	<b>26%</b>	<b>29%</b>	<b>-2.4pp</b>	<b>5,063</b>	<b>6,610</b>	<b>(23%)</b>
US	418	+781	(200)	-	+581	36%	36%	-0.8pp	8,792	8,409	+5%
Canada	521	-	-	-	-	32%	30%	+1.2pp	41	40	+4%
Mexico	271	-	-	-	-	44%	46%	-2.7pp	380	401	(5%)
<b>North America</b>	<b>6,143</b>	<b>+781</b>	<b>(200)</b>	<b>-</b>	<b>+581</b>	<b>36%</b>	<b>37%</b>	<b>-0.8pp</b>	<b>9,213</b>	<b>8,849</b>	<b>+4%</b>
<b>Brazil</b>	<b>331</b>	<b>-</b>	<b>(137)</b>	<b>-</b>	<b>(137)</b>	<b>27%</b>	<b>33%</b>	<b>-6.3pp</b>	<b>388</b>	<b>697</b>	<b>(44%)</b>
<b>TOTAL</b>	<b>10,889</b>	<b>+847</b>	<b>(1,333)</b>	<b>(18)</b>	<b>(505)</b>	<b>32%</b>	<b>33%</b>	<b>-1.3pp</b>	<b>14,664</b>	<b>16,157</b>	<b>(9%)</b>
<b>Equity Consolidated</b>	<b>550</b>	<b>+139</b>	<b>+40</b>	<b>-</b>	<b>+179</b>						
Wind Onshore (Spain)	152	-	-	-	-						
Wind/ Solar Onshore (US)	398	+139	+40	-	+179						
Wind Offshore	-	-	-	-	-						
<b>EBITDA MW + EQUITY CONSOL.</b>	<b>11,439</b>	<b>+986</b>	<b>(1,293)</b>	<b>(18)</b>	<b>(326)</b>						

**EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH**

With a top-quality portfolio, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 11.4 GW is not only young, on average 9 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity, resulting in a total installed capacity of 11,439 MW (EBITDA + Equity Consolidated). As of June 2020, EDPR had installed 4,566 MW in Europe, 6,542 MW in North America and 331 MW in Brazil.

**11.4 GW of EBITDA MW + EQUITY CONSOL. (%)**



**1H 2020 INSTALLATIONS CONCENTRATED IN NORTH AMERICA**

In the 1H20, EDPR built 213 MW of wind technology, of which 200 MW in North America, more precisely in the United States and 13 MW in France.

In the 1H20, pursuing its Sell-down strategy, EDPR concluded the sale of its entire ownership in the 137 MW Babilonia wind farms in Brazil. All in all, as of June 2020, EDPR YTD consolidated portfolio net variation was positive by 77 MW.

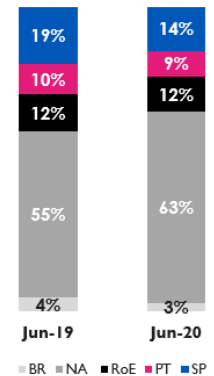
**9% DECREASE IN YEAR ON YEAR GENERATION**

EDPR produced 14.7 TWh of clean energy in the 1H20, -9% YoY. The YoY evolution comes in line with a lower installed capacity YoY following the execution of EDPR’s Sell-down strategy (3Q19: 997 MW of European assets (-1.2 TWh YoY); 1Q20: 137 MW in Brazil (-287 GWh YoY)).

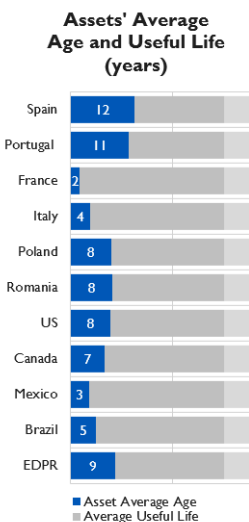
In the 1H20, EDPR achieved a 32% load factor (vs 33% in 1H19) reflecting 91% of P50 (long term average for the first half of the year). In the 2Q20, EDPR reached a 29% load factor (vs 31% in 2Q19), with QoQ comparison being affected by lower wind resource, mainly in Brazil.

EDPR achieved a 96.8% availability in the 1H20 (-0.2pp YoY). The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio across different geographies to minimize the wind volatility risk.

**Generation Breakdown**



**SOLID GROWTH AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT**



EDPR’s operations in Europe were a major driver for the electricity production decrease in the 1H20, decreasing -23% YoY to 5.1 TWh and representing 35% of the total output. This is mainly explained by the deconsolidation of 997 MW in Jul-19 from a Sell-down transaction and by lower wind resource. In Europe, EDPR achieved a 26% load factor (vs 29% in 1H19).

EDPR obtained a load factor of 24% in Spain, -6pp YoY, while in Portugal reached a load factor of 25% (-3pp YoY). In Rest of Europe, EDPR accomplished a 31% load factor (+3pp YoY), mainly driven by France (+13pp YoY).

EDPR’s production in Brazil decreased to 388 GWh vs 697 GWh in the 1H19, representing 2% of total EDPR’s generation, driven by the deconsolidation in the 1Q20 of 137 MW from the Sell-down of Babilonia wind farms. In Brazil, EDPR reached a 27% load factor (vs 33% in 1H19).

In North America, output increased +4% YoY to 9.2 TWh, reflecting the new capacity in operation partially impacted by a lower wind resource at 36% (-1pp YoY). North America represents 63% of EDPR’s total output in the first six months of 2020.

**PROPELLED BY CAPACITY ADDITIONS IN 1H 2020, EDPR MANAGES A PORTFOLIO OF 11.4 GW**

As of June 2020, EDPR had 2.3 GW of new capacity under construction, of which 1,800 MW related to wind onshore, 200 MW of solar PV and 330 MW from equity participations in offshore projects. In terms of wind onshore, in Europe were 346 MW under construction, with 28 MW in Spain (18 MW from repower), 6 MW in Portugal, 60 MW in France, 107 MW in Poland, 136 MW in Italy and 10 MW in Belgium. In North America 1,193 MW from 7 wind onshore projects were under construction, corresponding to 1,093 MW in the US and 100 MW in Canada. Lastly in terms of wind onshore, 260 MW were under construction in Brazil. When it comes to solar PV, 200 MW under construction were related to a solar project in Mexico. In terms of wind offshore, in the UK, EDPR had 316 MW under construction from Moray East and 14 MW from Windplus floating in Portugal. Windplus comprises 3 turbines, of which two have been already connected to the grid by June 2020. As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 9 years, with an estimate of over 21 years of useful life remaining to be captured.

### 3.1.2 FINANCIAL PERFORMANCE

#### INCOME STATEMENT

##### **Revenues reached €913 million and EBITDA summed €793 million.**

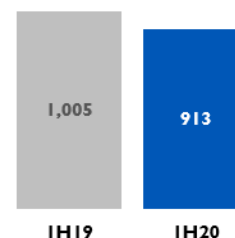
Revenues totalled €913 million (-9% decrease year on year) on the back of Sell-down assets deconsolidation (-€112 million versus 1H 2019) and lower wind resource (-€52 million year on year) not offset by additional installed capacity (+€33 million versus 1H 2019), higher average selling price (+€22 million year on year) along with forex translation and others (+€16 million versus 1H 2019).

Other operating income amounted to €194 million (-€59 million versus 1H 2019), with year on year evolution reflecting the gains (+€219 million) related to the Sell-down of a 997 MW portfolio (491 MW net for EDPR) in the 1H 2019 along with €145 million of capital gains accounted in the 1H 2020 related to Offshore transactions, namely the stakes already sold to the Offshore JV with Engie.

In the context of EDPR's continuous growth, Operating Costs (Opex) totalled €309 million (+4% year on year). In comparable terms, adjusted offshore costs (mainly cross charged to projects' SPV), Sell-down assets deconsolidated, one-offs, service fees and forex, Core Opex (defined as Supplies and Services and Personnel Costs) per average MW was +3% year on year, given upfront costs to support expected growth over the coming years.

In the 1H 2020, EBITDA summed €793 million (vs €965 million in 1H 2019) and EBIT amounted to €501 million (versus €671 million in 1H 2019), mostly impacted by assets deconsolidation and lower capital gains. Net Financial Expenses decreased to €163 million (-13% year on year) with year on year comparison impacted by lower average cost of debt in the period. At the bottom line, Net Profit summed €255 million (versus €343 million in 1H 2019) mainly driven by lower EBITDA, partially offset by D&A, financial results, taxes and non-controlling interests. Non-controlling interests in the period totalled €76 million, decreasing by €14 million year on year, as a result of assets sold.

#### Revenue Evolution (€ Millions)



CONSOLIDATED INCOME STATEMENT (€ MILLIONS)	1H 2020	1H 2019 <sup>(1)</sup>	Δ %
<b>Revenues</b>	<b>913</b>	<b>1,005</b>	<b>(9%)</b>
Other Operating Income	194	253	(23%)
Operating Costs	(309)	(297)	+4%
Supplies and Services	(147)	(147)	-
Personnel Costs	(71)	(63)	+12%
Other Operating Costs	(91)	(86)	+5%
Share of Profit of Associates	(5)	4	(224%)
<b>EBITDA</b>	<b>793</b>	<b>965</b>	<b>(18%)</b>
EBITDA/Revenues	87%	96%	-9.2pp
Provisions	-	-	-
Depreciation and Amortisation	(301)	(302)	(1%)
Amortisation Government Grants	9	9	(1%)
<b>EBIT</b>	<b>501</b>	<b>671</b>	<b>(25%)</b>
Financial Income/ (Expense)	(163)	(189)	(13%)
<b>Pre-Tax Profit</b>	<b>337</b>	<b>483</b>	<b>(30%)</b>
Income Taxes & CESE	(6)	(49)	(87%)
Profit of the Period	331	434	(24%)
<b>Net Profit (Equity Holders of EDPR)</b>	<b>255</b>	<b>343</b>	<b>(26%)</b>
Non-controlling Interests	76	91	(16%)

(1) FROM 2020 ONWARDS SHARE OF PROFITS OF ASSOCIATES WILL BE ACCOUNTED AT EBITDA LEVEL. ONLY FOR YOY COMPARISON PURPOSES, 2019 DATA IS ALSO ADJUSTED.

## BALANCE SHEET

### In the 1H20 total equity increased by €160 million.

Total Equity of €8.5 billion increased by €160 million in the first half of 2020, of which €408 million are attributable to reserves and retained earnings. The decreased in Equity attributable to EDPR shareholders by €188 million is mainly explained by +€255 million from Net profit in the period, +€36 million from variation in fair value cash flow hedges, +€42 million from minority interest acquired related to the Offshore JV consolidation, along with -€72 million of the exchange rate effects, -€70 million from dividend payments and -€3 million from others.

Total Liabilities decreased €23 million to €9,335 million, explained by a decrease in financial debt (-€9 million), the decrease in provisions (-€2 million), the decreased in deferred revenues (-€24 million), the decreased in rents due from lease contracts (-€82 million) and in deferred tax liabilities (-€21 million) along with the increased in other liabilities (+€27 million) and institutional partnerships (+€89 million).

Debt-to-equity ratio stood at 110% by June 2020 a decrease of -2pp vs the end of 2019. Liabilities were mainly composed of financial debt (37%; stable vs year end 2019), liabilities related to institutional partnerships in the United States (15%; increasing versus 14% in the end of 2019) and accounts payable (26% stable vs year end 2019).

Liabilities to tax equity partnerships in the United States increased by €65 million to €2,355 million. Deferred revenues were €979 million, related to institutional partnerships that primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets summed €17.8 billion in June 2020, the equity ratio of EDPR reached 48% (vs 47% in 2019-year end). Assets were 74% composed of net PP&E - property, plant and equipment representing €13.3 billion (-€8 million versus 2019-year end). In detail -€278 million correspond to depreciation charges, -€116 million to negative exchange differences and -€196 million to others. PP&E also involved +€589 million of capex investments.

### Statement of Financial Position (€ million)

	IH 2020	2019	Δ €		IH 2020	2019	Δ €
<b>Assets</b>				<b>Equity</b>			
PPE, net	13,256	13,264	(8)	Share Capital + Share Premium	4,914	4,914	-
Right-of-use asset	633	616	17	Reserves and Retained Earnings	1,992	1,584	408
Intangible Assets & Goodwill, net	28	32	(4)	Net Profit (Equity Holders of EDPR)	255	475	(220)
Financial Investments, net	477	476	1	Non-controlling Interests	1,334	1,362	(27)
Deferred Tax Assets	116	126	(10)	<b>TOTAL EQUITY</b>	<b>8,495</b>	<b>8,335</b>	<b>160</b>
Inventories	45	34	11	<b>Liabilities</b>			
Accounts Receivable - Trade, net	287	303	(16)	Financial Debt	3,408	3,417	(9)
Accounts Receivable - Other, net	611	556	55	Institutional Partnerships	1,376	1,287	89
Assets Held for Sale	595	214	381	Rents due from lease contracts	536	618	(82)
Collateral Deposits	28	32	(4)	Provisions	276	278	(2)
Cash and Cash Equivalents	352	582	(229)	Deferred Tax Liabilities	334	355	(21)
<b>TOTAL ASSETS</b>	<b>17,830</b>	<b>17,693</b>	<b>138</b>	Deferred Revenues from Inst. Partnerships	979	1,003	(24)
				Other Liabilities	2,427	2,400	27
				<b>TOTAL LIABILITIES</b>	<b>9,335</b>	<b>9,358</b>	<b>(23)</b>
				<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,830</b>	<b>17,693</b>	<b>138</b>

## CASH FLOW STATEMENT AND NET DEBT

### OPERATING CASH-FLOW

In the first half of 2020, EDPR generated Operating Cash-flow of €526 million (-18% year on year), with year on year evolution impacted by Sell-down assets deconsolidation.

The key items that first half of 2020 cash-flow evolution are the following:

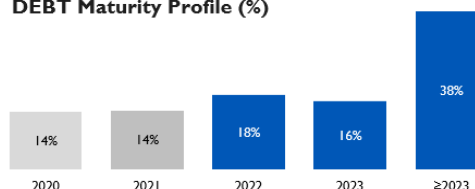
- Funds from operations, resulting from EBITDA after net interest's expenses, share of profits of associates and current taxes, were €685 million (versus €853 million in 1H 2019);
- Operating Cash-flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from United States institutional partnerships) and net of changes in working capital, was €526 million (-18% year on year). Non-cash items include €145 million from capital gains related to the assets sold to Ocean Winds (EDPR and Engie's Offshore JV);
- Capital expenditures with capacity additions, ongoing construction and development works totalled €589 million (+58% year on year);
- Payments to institutional partnerships totalled €18 million, contributing to the reduction of Institutional Partnership liabilities. Total net dividends and other capital distributions paid to minorities totalled €142 million (including €70 million to EDPR shareholders). In the period, forex & others had a negative impact increasing Net Debt by €78 million.

CASH-FLOW (€ MILLIONS)	1H 2020	1H 2019	Δ %
<b>EBITDA</b>	<b>793</b>	<b>961</b>	<b>(17%)</b>
Current Income Tax	(23)	(32)	(29%)
Net Interest Costs	(86)	(80)	+7%
Share of Profit of Associates	-	4	(100%)
<b>FFO (Funds From Operations)</b>	<b>685</b>	<b>853</b>	<b>(20%)</b>
Net Interest Costs	86	80	+7%
Share of Profit of Associates	-	(4)	-
Income from Institutional Partnerships	(105)	(90)	+16%
Non-cash Items Adjustments	(158)	(210)	(25%)
Changes in Working Capital	19	17	+13%
<b>Operating Cash-Flow</b>	<b>526</b>	<b>645</b>	<b>(18%)</b>
Capex	(589)	(374)	+58%
Financial Disinvestments/ (Investments)	(99)	(252)	(61%)
Changes in Working Capital related to PP&E Suppliers	(77)	(401)	(81%)
Government Grants	-	-	-
<b>Net Operating Cash-Flow</b>	<b>(238)</b>	<b>(381)</b>	<b>(37%)</b>
Sale of Non-controlling Interests and Sell-down Strategy	122	-	-
Proceeds from Institutional Partnerships	132	-	-
Payments to Institutional Partnerships	(18)	(64)	(73%)
Net Interest Costs (Post Capitalisation)	(86)	(73)	+18%
Dividends Net and Other Capital Distributions	(142)	(109)	+30%
Forex & Others	(115)	(41)	+180%
<b>Decrease/ (Increase) in Net Debt</b>	<b>(344)</b>	<b>(668)</b>	<b>(49%)</b>

As of June 2020, Net Debt totalled €3,027 million (+€224 million versus December 2019), reflecting on the one hand assets' cash generated, and on the other hand investments in the period and forex translation. Institutional Partnership Liabilities summed €1,376 million, with the benefits captured by the projects and tax equity partners.

FINANCIAL DEBT & TAX EQUITY (€ MILLIONS)	1H 2020	2019	Δ €
<b>Total Financial Debt</b>	<b>3,408</b>	<b>3,417</b>	<b>(9)</b>
<b>Net Debt</b>	<b>3,027</b>	<b>2,803</b>	<b>224</b>
<b>Institutional Partnerships</b>	<b>1,376</b>	<b>1,287</b>	<b>89</b>

### DEBT Maturity Profile (%)





## COVID-19 IMPACTS

EDPR was able to manage Covid-19 crisis with high efficiency, maintaining normal levels of availability and posted lower costs in terms of travelling and marketing. Some investments might have delays due to supply chain disruptions along with other construction manageable constrains. A few months of delays in some projects are expected for the end of the year and some projects might be commissioned only at the beginning of the year 2021. As of June 2020, EDPR do not expect significant financial impacts for the 2020 year caused by the Covid-19 pandemic.

## OTHER REPORTING TOPICS

### SUBSEQUENT EVENTS

**The following are the most relevant subsequent events to the first half of 2020:**

#### **Clarification on Public Prosecutor measures regarding EDPR Board members**

In the context of a judicial procedure undergoing related to the activity of EDP – Energias de Portugal, which holds an 82.6% shareholding in EDPR, EDPR's Chairman of the Board of Directors, Mr. António Mexia, and Vice-Chairman and CEO, Mr. João Manso Neto, were suspended from their executive functions in EDP Group companies. The process continues in the inquiry phase and they have not been formally accused.

Following this, the Board of Directors of EDPR met on July 6th 2020 and, despite the fact of such decision not being directly applicable in Spain, decided to appoint Mr. Rui Manuel Rodrigues Lopes Teixeira as a new member of EDPR's Executive Committee and as Consejero Delegado Mancomunado, designated as the responsible person to coordinate the Executive Committee activities and to liaise with EDP – EDPR's principal shareholder.

EDPR's management team will continue in full possession of its powers and working with its customary sense of focus on shareholder value, namely in the execution of its Strategic Agenda 2019-22, presented to the market in March 2019, to which objectives will continue to be fully committed and dedicated.

#### **Agreement to acquire 100% of the renewables business of Viesgo**

EDPR has entered into an agreement with certain funds managed by Macquarie Infrastructure and Real Assets (together with its managed funds), the current sole shareholders of Viesgo, for the acquisition of the control of the renewable business of Viesgo.

In detail, EDPR will acquire 100% of a portfolio of 511 MW (EBITDA + Equity MW) of renewable installed capacity in Spain (84%) and Portugal (16%). This is a high-quality 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). The portfolio also counts with an attractive potential for future extensions/repowering given the above-mentioned profile.

The consideration to be paid by EDPR for Viesgo's renewables business corresponds to an Enterprise Value of €565m representing an implied Enterprise Value to net MW ratio of €1.1m.

This transaction reinforces EDPR's position as leading global renewables player, and in particular in Spain, with a strongly synergetic portfolio of high-quality assets with strong resource and low risk profile, while offering interesting future growth opportunities.

The completion of this transaction is subject to customary conditions precedent, and closing is expected to occur until the end of 2020.

**EDPR announces sale agreement in Spain**

EDPR signed a Sale and Purchase Agreement with the Finerge Group, one of the largest Portugal's renewable energy producer, to sell EDPR's full equity shareholding and outstanding shareholder loans in an operating onshore wind portfolio with 242 MW of installed capacity, for a total consideration of approximately €426 million (subject to customary closing adjustments).

In detail, the transaction scope covers 7 wind farms in operation located in Ávila and Cataluña, Spain. The total portfolio has been in operation for 9 years on average.

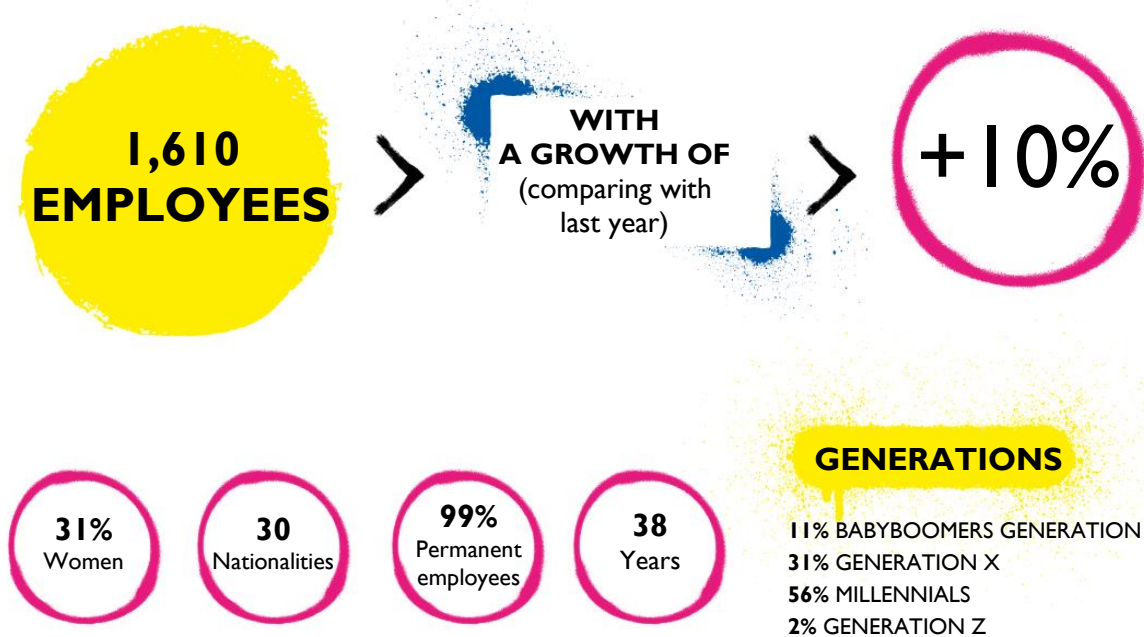
Based on i) the transaction price and ii) the outstanding external net debt, the total enterprise value of the transaction amounts to €507 million, which translates to an implied enterprise value multiple of €2.1 million/MW. The transaction is subject to regulatory and other precedent conditions and is expected to be completed in the 4Q20.

With this transaction, EDPR already executed more than 40% of the €4 billion target proceeds for 2019-22, as announced in the Strategic update of March 12th 2019. The sale of majority stakes in projects in operation or under development, allows EDPR to accelerate value creation, while recycling capital to reinvest in accretive growth.

**OWN SHARES**

**As of June 2020, EDPR did not hold own shares and no transactions were made during the period.**

### 3.2 HUMAN CAPITAL



EDPR, which is home to four different generations, bases its Human Resources policies on the Business Plan Achievements and implements its actions considering an active listening of the employees. During 1H 2020, the Company launched the Climate Survey as every two years and launched a survey about home office, which was implemented in all markets due to the Covid-19 global crisis.

#### COVID-19 RESPONSE PLAN

Following the Covid-19 pandemic, EDPR implemented a Response Plan focused on protecting the employees, helping local communities and minimizing the impacts on the business continuity and the Business Plan. As a responsible company, EDPR quickly took measures to minimize the conditions for the virus to spread, focusing on people’s health and keeping essential services in operation. In February, EDPR implemented travel restrictions, adopted measures for employees who had recently travelled to affected areas and distributed hand sanitizers in all facilities. In March, EDPR activated the Contingency Plan based on EDP’s Contingency Plan for pandemics, implemented home office in all geographies and restricted visits to its facilities, continuously communicating with the employees regarding any updates on the situation and providing instructions in case of a positive or possible infection. By the end of June, 63% of EDPR employees were working from home with the remaining 37% onsite guaranteeing key duties. Currently, EDPR employees are gradually returning to the facilities according to a Reopening Plan with geographical specifications, guaranteeing the highest health & safety standards for all.

#### EMPLOYEE JOURNEY

A customised value proposition is offered to employees throughout their journey in EDPR, allowing them to join a multinational team and grow with it. EDPR believes that motivated employees aligned with the company’s strategy is a key driver behind the ability to deliver positive results. Thus, EDPR continuously works to provide excellent conditions for its employees, to grow and develop talent at all levels and optimise its employment policies and labour practices. As a result, EDPR was recognised by the Top Employers Institute as one of the best companies to work for in Europe in 2020 and, at a local level, in Spain, France, Italy, Portugal, Poland and the UK.



## JOINING & INTEGRATING

### ATTRACTING TALENT

EDPR is continuously striving to attract talent, bringing in the right skills and profiles to address current and future business challenges, and retain professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labour market. As a result, during 1H 2020, EDPR implemented different talent & attraction initiatives with the goal of strengthening its image as a leading employer:

- **Pool of Engineers Program:** 5 exceptional junior engineers for Tech profiles and different academic backgrounds were selected to join EDPR and be an active part of one of the most compelling junior engineer Programs in the market. Through the program, EDPR gives new talents the tools to develop themselves professionally and personally, having the chance to get to know and influence different technical areas, including a tailor-made training program. During this twenty four month program, junior engineers will have the opportunity to complete two rotations in EDPR in different technical areas.
- **Job Fairs:** In 1H 2020, EDPR attended 3 job fairs from the most relevant Universities and Business Schools from Spain and Portugal with an assistance of almost 1,850 students, and held an Open Day at its offices.
- **LinkedIn:** The platform is used as the main source of Recruitment, covering up to 62% of the Corporate positions hired during the first months of 2020.

In EDPR, non-discrimination and equal opportunities are guaranteed during all the selection processes. This is reflected in the Code of Ethics, which contains specific clauses on non-discrimination and equal opportunities, in line with the Company's culture of diversity regarding the respect for human and labour rights.

### INTEGRATING NEW EMPLOYEES

During the first half of 2020, EDPR welcomed 243 new employees, of whom 33% are women. The average age of new hires was 33 years old. 46% of the hires correspond to levels of Specialists and Technicians, of which 77% have University degree and above. 99% of the hires were allocated in permanent positions and EDPR counted with more than 15 different nationalities among that group. Furthermore, 97 internships were offered during 1H 2020.

## BEING EDPR

### INDIVIDUALISATION

Part of EDPR value proposition is a competitive remuneration package, aligned with the best practices in the market. EDPR Compensation Package includes (i) an Annual Base Salary and (ii) a Variable Pay depending on the achievements of Area, Company KPIs and an Individual Global Assessment of the employee, and also an (iii) above market practice benefits package such as Health Insurance or Pension Plan. The remuneration package is not static, which means that it evolves at the same pace of employees' needs and concerns as well as the business.

### WORK LIFE BALANCE

EDPR believes that Work Life Balance (WLB) must be a shared responsibility and its practices have been awarded for **nine** years through the Responsible Family Employer Certification (EFR – Empresa Familiarmente Responsable) by Spain's Fundación MásFamilia. To achieve this continuously, it is important to constantly improve the practices in place to provide the most suitable and updated benefits to employees. In February, EDPR launched the "Flex-Movement", a measure to streamline flexibility measures which aims to improve the conditions necessary to make EDPR a dynamic, innovative and growth-based company. Among the novelties announced, EDPR started in February two pilot projects in Spain and Poland to implement home office a day per week, which then worked as a foundation for implementing home office in a global scale due to the Covid-19 crisis.

EDPR is a flexible company that fosters time efficiency of the employees' daily tasks to deliver excellent results and to balance their personal and professional life. Thus, EDPR implements different initiatives focused mainly on family, time and health. Specifically, the health and well-being of employees is one of EDPR's main concerns. Therefore, the Company created a wellness platform for the further development of a wellness culture and the promotion of healthy habits. The programs promoted by the platform aim to generate a culture in which employees choose to adopt healthy habits voluntarily, sharing their experiences, forming support networks to facilitate the process and motivating each other to keep going. In addition, EDPR has a volunteer program for its employees, giving them the opportunity to grow not only at work but also personally, while contributing to the society. During the Covid-19 pandemic, EDPR reinforced the volunteering activities proposed, adding initiatives that run on an online model and adding the possibility to make donations to support the health and well-being of the society during this global crisis.

## **GROWING WITH THE COMPANY**

EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company. The growth and development of the company's business has led EDPR to invest in the employees by discovering, improving and emphasising the potential of each, through internal mobility and development actions.

### **MOBILITY**

EDPR considers both functional and geographical mobility as a tool that contributes to the organisational development by stimulating employees' motivation, skills, productivity and personal fulfilment. Mobility within EDPR aims to respond to the different challenges and needs of the Company, considering the characteristics of the different geographies. In 1H 2020, there were 48 mobility processes, 38 functional, 3 geographical and 7 both functional and geographical mobility processes.

### **TRAINING**

EDPR offers job-specific ongoing training opportunities to contribute to the improvement of knowledge and skills, as well as specific development programs aligned with the Company's strategy. The 360 potential appraisal process is created for all employees with the goal of defining each person's training needs along with their manager, which is then used to define a customised Training Plan. The annual Training Plan is based on a catalogue of programs that is constantly evolving and is aligned with the Company's challenges and new markets. The key aspect about EDP University's courses is that they usually contain subjects to promote the development of skills needed to ensure the sustainability of EDPR's business. Moreover, the networking and the share of best practices foster innovation and improve performance.

During the first half of 2020, there were 18,157 hours of training throughout 1,155 sessions that included 10,076 participants. 86% of EDPR employees received training, translating into c.11 hours of training per employee. The activity after the Covid-19 pandemic has remained aligned with previous years. The main efforts focused on adapting training contents and solutions to remote or virtual methodologies, increasing the training courses delivered in e-learning, live webinars or the implementation of other non-synchronous including game-based training. In this context, to highlight Digitalization as one of the main training drivers that accelerated during 1H 2020, as a result of not only the methodologies used but also by contents increasingly delivered on Collaborative Tools (Microsoft 365 suite), Agile methodologies, Data Analyse tools, Cybersecurity or Artificial Intelligence.

**Despite the global crisis, EDPR maintained its Human Resources policies and continued hiring and maintained the promotions, mobilities and training sessions, adapting the processes to the current situation with the purpose of protecting the employees while continuing to prioritise their growth.**

### 3.3 SUPPLY CHAIN CAPITAL

**EDPR's market leadership, based in value creation capacity, innovation and relationship with its stakeholders, is much influenced by the performance of its suppliers.**

**Technical excellence together with sustainability is the basis of EDPR relationship with suppliers. This results in close collaboration and joint capacity to innovate, to strengthen the sustainability practices and to improve the quality of the Company's operations.**

#### EDPR SUPPLY CHAIN

EDPR has a strong and permanent interaction with the supply chain, in particular with the strategic suppliers understood as WTG (Wind Turbine Generator) manufacturers, Balance of Plant (BOP) and Operation and Maintenance (O&M) contractors. Those suppliers contribute in a meaningful and visible way to the value of EDPR core activities – construction and operation of wind farms and solar plants. This close relationship allows EDPR to benefit from all the new technical solutions and innovations available on the market to maximise the value creation in the projects worldwide.

#### HIGH QUALITY AND SUSTAINABLE PROCUREMENT

EDPR's procurement process is developed within the framework of the Procurement Policy, from which the most relevant aspects for EDPR regarding the supply chain's high quality and sustainability are established: development of activities that promote the sharing of the best sustainability practices in EDPR purchases; contribution to the growth and profitability of the business through the promotion of initiatives for the development and continuous improvement of the supply chain; systematic monitoring of suppliers' performance and risk profile; dissemination and implementation of the EDPR's sustainability policies (Environmental and H&S policies and Code of Ethics) in the acquisition of goods and services and involvement and empowerment of all actors in the supply chain.

The implementation of the Procurement Policy led to a better control in the suppliers' management process, assuring EDPR values are respected, product quality is high and risks are minimised. EDPR has in place requirements related to Sustainability, Quality and Risk management that have to be met by its suppliers throughout the main procurement phases: registration process, contracting and, lastly, the monitoring and evaluation of the suppliers.



The **registration process** is an essential requirement for any company who intends to become a supplier or apply for a qualification process issued by EDPR. The “pass or fail” rule is applied to all suppliers: if they do not meet the main requirements set by EDPR regarding financial, technical quality and sustainability criteria, they will not be selected.

The **contracting process** applies to the suppliers who were selected after the registration process. In 2019, the Suppliers Sustainability Guide was implemented in Europe and Brazil for both construction and O&M operations, providing an overview of the sustainability requirements EDPR expects its suppliers to meet. The suppliers should also provide a written declaration of acceptance of the principles established in the Company's Code of Ethics. Additionally, EDPR implemented a process that classifies suppliers according to their H&S and environmental risks. This process is applicable to all suppliers providing a service at EDPR EU&BR facilities and the classification serves as an input in the selection of suppliers during the bidding phase.

During the **monitoring process**, EDPR monitors and evaluates critical suppliers throughout their services delivery taking into account aspects such as health & safety and the environment. In the construction phase, the construction manager works closely with health & safety and environmental supervisors, and holds weekly meetings with suppliers. Contractors receive feedback for continuous improvement in the areas of H&S and environment. EDPR also has external supervision in these areas. During the operation phase, the manager of the facility is responsible for compliance with H&S and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001:2007 and to ISO 14001:2015.

EDPR uses applications for H&S and environmental management including regulatory and obligation tracking that work as collaborative tools, therefore involving the entire organisation and suppliers to prevent work and environmental accidents. In addition, drills regarding H&S and environmental accidents or incidents are carried out in the facilities.

EDPR does not have a specific process for monitoring the ethical performance of suppliers. However, the Code of Ethics has its own channel, open to all stakeholders, to report any potential incident or doubt on the application of the code.

### 3.4 SOCIAL CAPITAL

EDPR believes it is indispensable to contribute to the development of the society both respecting human and labour rights and creating value in different ways, for different people. The Company is guided by three key social responsibility principles: respect human and labour rights in the whole value chain, contribute to the society and promote access to energy for all.



#### 3.4.1 RESPECT HUMAN AND LABOUR RIGHTS

At EDPR, it is top priority to promote human rights and fair labour practices across the entire value chain. The Company is committed to integrate the social aspects in planning and decision-making and to guarantee responsible operations throughout the whole lifecycle of its business. Moreover, the health and safety of those who contribute to EDPR's activities is a key value and a priority for its success. Therefore, the Group aims to promote and build on a positive safety culture in which every employee, service provider and supplier is engaged.

##### HEALTH & SAFETY

According to its Code of Ethics, EDPR undertakes to give priority to the employees and suppliers' safety, health and wellbeing and to ensure the development of appropriate occupational health and safety management systems. This commitment to guarantee the welfare of employees and contractors is supported by EDPR's Occupational Health and Safety Policy.

EDPR has implemented Health & Safety Management Systems based on the OHSAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specific geography of the sites where they are used and are developed based on each country's regulations and industry best practices. EDPR takes a data-driven approach to identify and react to leading causes of injury. The implementation of these systems allows for better management and prevention of future accidents, with the objective of zero accidents overall. During the first half of 2020, EDPR registered 6 work-related accidents with absence for employees and contractors. The injury and the lost day rate were 1.5 work accidents per million hours worked and 43 days lost due to work accident per million hours worked, respectively.

Considering the Covid-19 pandemic, EDPR implemented protective measures focusing on anticipation and prevention, working to guarantee re-establishment under safe conditions for all. As a responsible company, EDPR quickly took measures to minimize the conditions for the virus to spread, focusing on people's health and keeping essential services in operation. Please refer to chapter 3.2 Human Capital for more information regarding the measures adopted by EDPR following the global health crisis.

##### HUMAN RIGHTS & LABOUR PRACTICES

EDPR undertakes to respect and foster due respect within the Company and in its supply chain, as well as to provide dignified working conditions for all. This practice is reflected in the Code of Ethics, which contains specific clauses regarding non-discrimination and equal opportunities, in line with the Company's culture of diversity and respect for human and labour rights. The Code is not an isolated feature – it belongs to an Ethics Framework that includes functional units, specific regulations, monitoring and accountability for our ethical performance, along with training, awareness-raising and capacity building for employees, service providers and suppliers.

EDPR requires its suppliers and service providers to comply with their ethical standards. In this way, the alignment with the spirit of EDPR's Code of Ethics is required. Moreover, the Sustainable Procurement Policy references the promotion of respect for dignity and human rights, and the rejection of any form of forced labour or child labour, harassment, discrimination, abuse or other types of physical or psychological violence.

A Code of Ethics channel is available for the communication of any breach of the Code related to the matters of human rights or labour practices, including those in the context of the supply chain. The Ethics Ombudsman receives ethical-related complaints, investigates and documents the procedure for each of them. A preliminary report is then submitted to the Ethics Committee, whose main goal is to ensure compliance with the Code of Ethics within EDPR.

### 3.4.2 CONTRIBUTE TO THE SOCIETY

The Company believes that besides excelling in the way it performs, there must be a main factor weighing in every action or activity EDPR does – people. The Company considers that in order to have a positive impact on society, it is vital to work for the common good by promoting and supporting social activities.

EDPR's Social Investment is developed within the framework of its Social Investment Policy, which establishes the corporate objectives and strategies related to this area. As stated in the Policy, EDPR invests in activities that will positively impact the promotion and development of the following four main areas: Culture & Art; Social inclusion, Sustainable ways of living & Access to energy; Natural heritage & Biodiversity; and Energy Efficiency & Renewable Energy.

As an integral part of the communities where it operates and as stated in its Code of Ethics, EDPR undertakes to maintain a relationship of proximity with the local communities engaging in regular and open dialogue, seeking to know their needs, respecting their cultural integrity and looking to contribute to improve the living conditions of local population, taking measures to consider and respect the community interests. Therefore, in line with its Social Investment Policy and the communities' needs and expectations, EDPR has defined a Catalogue of Activities that works as a tool for defining the social investment made in local communities. In addition to the development of social activities, EDPR provides long-lasting economic benefits to the surrounding areas that include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments and job creation.

Following the Covid-19 pandemic and due to the Company's commitment to support the recovery and development of local communities, EDPR has set up initiatives in all countries where it is present to help local communities combat the pandemic, in coordination with EDP Group. EDPR donated over €800 thousand throughout 15 countries to food banks, medical equipment, rapid testing kits and digital educational materials. EDPR's response to the global crisis is aligned with its commitment to maintain a relationship of proximity with the local communities, seeking to know, respect and support their needs, looking to contribute to improve the living conditions of the society.

However, as a responsible company, EDPR works to promote the well-being and development of not only the communities where it operates but also of society in general, focusing on the people who contribute to the success of the Group's business and how society may benefit from it. In addition, EDPR has a volunteer program addressed to its employees in order to promote social responsibility, giving them the opportunity to grow not only at work but personally as well, while also contributing to the society.

During the first half of 2020, EDPR invested a total of €1.2 million in the development of the society mainly through internally developed and collaborative initiatives, donations to charitable organisations and volunteering activities. 6% of EDPR employees participated in volunteering initiatives, contributing with more than 300 hours of their time to the development and well-being of the society.

### 3.4.3 PROMOTE ACCESS TO ENERGY FOR ALL

As a global leader in the renewable energy sector, EDPR defined a clear strategy for promoting Access to Energy (A2E): to provide clean energy in developing countries based on energy efficiency and decentralised renewable energy solutions, that promote the sustainable development of the communities involved.

Access to renewable energy makes the difference for people not connected to the electricity grid not only by providing sustainable energy services but also by enabling improvement on health and education conditions, job creation and new economic activities. Moreover, the use of clean energies and the promotion of energy efficiency has a positive impact on the environment.

In 2018, EDPR purchased a stake in SolarWorks!, a company engaged in the marketing of decentralised solar energy solutions for off-grid domestic and business customers in Mozambique. The acquisition of the €2.2 million minority stake was an important step in the group's strategy for universal access to sustainable energy.

In 2019, EDPR reinforced its strategy to promote universal access to sustainable energy by investing c. €2.6 million in Rensource, a company that develops and manages decentralized solar energy systems, to support its expansion in Nigeria. The investment, which was the result of a financing initiative completed by EDPR and other international investors, will allow EDPR to participate in Africa's largest market and to bring sustainable, low-cost energy solutions to more communities.

**These investments confirm the progress of the A2E strategy, which includes the commitment to invest €20 million until 2022 with the goal of impacting 550,000 people in developing countries.**

The A2E initiative powerfully contributes to make EDPR's vision of a sustainable, safe and healthy world a reality.

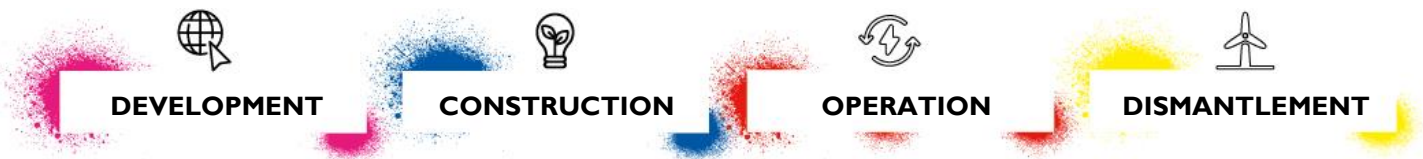


3.5

# Natural Capital

Wind and solar power are two of the most environmentally friendly ways of producing energy. Even though EDPR's business inherently implies a positive impact on the environment, the company continues to work on a daily basis to hold itself to a higher standard.

EDPR's Environmental Policy assumes specific commitments with protecting the climate, engaging with biodiversity and preserving natural resources. This policy allows EDPR to ensure the continuous improvement of its environmental performance along the value chain.



The Company's sustainable future depends on solid development efforts. EDPR implements relevant measures during this phase to identify and prevent the impacts of its activities on the environment.

The construction process is closely followed by EDPR teams, who work to minimise potential impacts or disturbances and to ensure proper restoration of the land once the works finish.

EDPR produces renewable energy, which inherently implies the reduction of GHG emissions. Wind and solar energy have zero carbon emissions, don't produce harmful SOx, NOx or mercury emissions, protecting valuable air and water resources and contributing to the fight against climate change. Also, generation from wind and solar energy does not consume water in its operational processes.

As a responsible company, EDPR has two main aspects in consideration when dismantling a wind farm at the end of its useful life: land restoration and proper treatment of the wastes generated.

After identifying sites with top-class resource conditions, EDPR analyses the environmental viability of those sites by detecting the constraints to take into consideration throughout the remaining phases of the value chain.

Even so, since the success of the construction phase highly depends on suppliers, EDPR requires that they adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR's Environment Policy and internal norms, procedures and systems in place as regards to environmental management.

Yet, as stated in its Environmental Policy, EDPR seeks to reduce the potential impact of its activities on the environment through a set of commitments that ensure the implementation and maintenance of an effective Environmental Management System (EMS).

Even though EDPR works to minimise any impact on the land surrounding its facilities, the Company commits to cleaning up and rehabilitating the sites to return the area to its initial state.

The potential environmental impacts are analysed in detail in the environmental impact studies of the projects and other specific environmental studies, always performed by professional external experts.

In order to guarantee that the suppliers comply with the environmental requirements during constructions, EDPR has established an environmental monitoring plan in coordination with the Construction Manager and the suppliers.

The EMS is developed in accordance with the ISO 14001:2015 international standard and certified by an independent certifying organization. EDPR has defined general procedures in its EMS to prevent, correct or compensate impacts in the environment.

The main waste generated during this phase are dismantled turbines. EDPR manages them by keeping some pieces for future repairs, selling some of the material or recovering it. The wind turbine is around 80%-90%<sup>(1)</sup> made of recyclable material, as the missing percentage is related to the turbine's blades that are composed and manufactured by complex materials that make it hard to recycle. In this regard, EDPR is working to support processes to recover the turbines and encourage circular economy.

This process ensures the location of projects in the best sites, guaranteeing respect for the environment.

During the first half of 2020, EDPR invested c. 2 million euros in environmental impact studies of its projects.

During 1H 2020, EDPR built 213 MW of clean energy, always considering and monitoring the environmental aspects of the wind farms construction.

In 1H 2020, EDPR's operations avoided the emission of 10 million tons of CO<sub>2</sub>. The CO<sub>2</sub> emissions of EDPR's activities represent 0.2% of the emissions avoided.

In 2020, Corme, a WF in Spain with 61 wind turbines was dismantled: 10 of them were kept by EDPR to be reused, 15 were sold and 36 were properly managed as waste.

Beyond the emissions related to the operation phase, from a life cycle point of view, others shall be considered (manufacture of components, transport, construction...).

EDPR wind farms with a projected life span of 30 years will pay back its life cycle energy consumption in less than a year<sup>(1)</sup>, meaning, more than 29 years of a wind farm's life will be producing clean energy.

(1) ACCORDING TO THE LIFE CYCLE ASSESSMENTS OF OUR MAIN TURBINE SUPPLIERS.

### 3.6 DIGITAL CAPITAL

In EDPR, Digital Transformation is the combination of three indissoluble perspectives: The strategic adoption of digital technologies, the definition, improvement and optimization of Business processes and the impact on how people work and add value in their day to day activities. These three dimensions foster new ways of working and impact directly on the results of the Organization.

EDPR conceives digital transformation initiatives expanding technology but far beyond technology: it is a business-wide culture change. To follow this transformation journey, three steps should be considered: people, process and technology, and to succeed, businesses need to address all three.

#### PEOPLE



A culture change must start with people. In 2020 different initiatives have been launched towards empowering people in this Digital Transformation Process.

EDPR has created the first Digital Skills Committee composed by the main stakeholders in this field and lead by the CEO whose main objective is to foster digital skills as part of the Digital culture and promote collaborative skills to work more efficiently as part of the digital transformation process.

Employee involvement is considered key in this process and therefore the initiative Digital Champions has been created. Employees with special digital capabilities, ability to work with collaborative tools and specific knowledge and concerns on digital technologies will become part of this Program to extend the Digital Culture throughout the Organization.

New initiatives are expected to be launched regularly in order to reinforce and ensure that a digital culture is spreading all over the Company and that everyone is on board with the changes that will happen across the business.

#### PROCESSES



Business Processes is the channel through which EDPR delivers value to the different stakeholders and helps achieving its business results. Business process definition has been gaining importance and relevance along the time in EDPR.

The last years have represented a step further and a key milestone in the Digital Transformation journey, considering Process Automation and Robotization as an essential driver in Process definition. A new approach identifying what can be improved and what processes can be automated, is now the basis for process definition.

This new mindset is truly about getting people to think and work more effectively, align their day to day activities with the business objectives and reinforce the use of the right tools for their job. Once the process has been defined, it is analyzed how it can turn to be optimized by seeking efficiencies with the development of Business Process Management tools (BPM), Robotic Process Automation technology (RPA) or any other tool that can have an impact in the way of working. Up to June 30th, 2020 more than 80 BPM Tools were implemented to optimize business processes and about 180 RPA's were running in productive, saving around 70.000 hours/year. The objective is to maximize added value work and see the greatest gains in the long term for EDPR.

#### TECHNOLOGY



Finally, technology comes in. Technology is the enabler of process transformation. The most relevant initiatives carried out in the last months that are supporting growth and success of EDPR are: Data Lake, Data Integration, Geographic information system (GIS) Europe, Automatization, Commercial Management System (COMS), RES – Renewable Energy Source, Collaboration, Monitoring, Training Human Resources.

#### In summary...

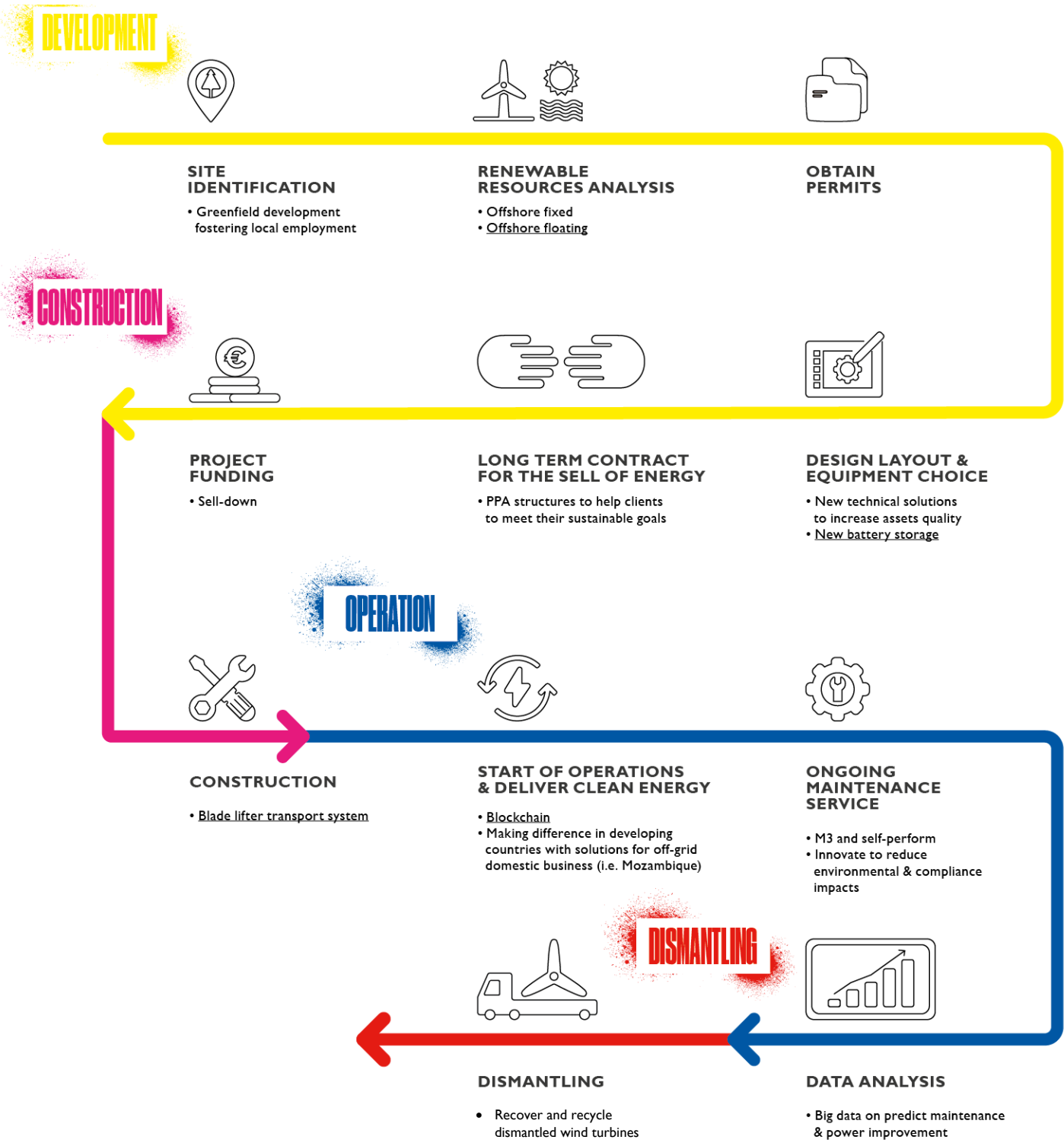
Business is changing, and digital transformation is vital to staying ahead. It is required a company-wide shift in the way people think, work, and provide services.

It is crucial to involve all the people and empower people to be part of this change, map out all processes from an optimization perspective and support all of this with the right technology to enable EDPR to achieve its strategic goals.

3.7

# Innovation Capital

Innovation is part of EDPR's day-to-day reality. The Company is focused on the more disruptive technologies of the industry and is committed to foster innovative solutions throughout its entire value chain:



3.8

# Sustainable Development Goals

EDPR SUPPLIES AFFORDABLE & CLEAN ENERGY WHILE MITIGATING THE CLIMATE CHANGE...

7 AFFORDABLE AND CLEAN ENERGY



EDPR is a global leader in the sector of renewable energy and one of the world's largest wind energy producer, ending the first semester of the year with 11.4 GW of installed capacity. During 1H 2020, the Company generated 14.7 TWh of clean energy, a cost-effective way to fight climate change.

13 CLIMATE ACTION



Wind and solar power are two of the most environmentally friendly ways of producing energy. EDPR's business inherently implies the reduction of GHG emissions and therefore has a positive impact on the environment. In 1H 2020, EDPR's activities avoided the emission of 10 million tons of CO<sub>2</sub>.

...IMPACTING POSITIVELY ON COMMUNITIES & FOSTERING INNOVATIVE INFRASTRUCTURES & CIRCULAR ECONOMY...

11 SUSTAINABLE CITIES AND COMMUNITIES



EDPR works to promote the well-being and development of the communities where it operates and of society in general. During the first half of 2020, EDPR contributed to the society by investing €1.2 million in the development of social activities and by contributing with more than 300 employees volunteering hours.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Innovation is part of EDPR's day-to-day reality. The Company is focused on the more disruptive technologies of the industry and is committed to foster innovative solutions throughout its entire value chain. During 1H 2020, EDPR centred on promoting digital skills and 62% of its employees participated in digitalisation trainings.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Even though EDPR is in the renewable energy business, it goes beyond its commitment with sustainability by fostering a culture of responsible operations and circular economy. During 1H 2020, EDPR recovered 89% of the hazardous waste it generated in its operations.

...ENSURING DECENT WORK, GENDER EQUALITY & PRESERVATION OF THE ENVIRONMENT.

8 DECENT WORK AND ECONOMIC GROWTH



EDPR continuously works to provide excellent conditions for its employees, grow and develop talent at all levels and optimise its employment policies and labour practices. As a result, EDPR has been recognised by the Top Employers Institute as one of the best companies to work for in Europe in 2020 and, at a local level, in Spain, France, Italy, Portugal, Poland and the UK.

5 GENDER EQUALITY



EDPR's Code of Ethics contains specific clauses of non-discrimination and equal opportunities, fostering respect for all employees. In January, EDPR joined the Bloomberg Gender Equality Index for the first time, gaining recognition as one of the companies making the greatest commitment to gender equality worldwide.

15 LIFE ON LAND



EDPR's business is its best contribution to reduce biodiversity loss. Nevertheless, the Company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 1H 2020, EDPR participated in protecting biodiversity mainly through collaborations with several organisations to further protect wildlife surrounding its facilities.



**Mr Emilio García-Conde Noriega, Secretary of the Board of Directors of EDP Renováveis, S.A.**

### **CERTIFIES**

That on September 2, 2020 a meeting of the Board of Directors of EDP Renováveis, S.A. was held with the presence of the following Directors: Mr Rui Manuel Rodrigues Lopes Teixeira, Mr Miguel Angel Prado Balboa, Mr Duarte Melo de Castro Belo, Mr Spyridon Martinis, Mr Manuel Menéndez Menéndez, Ms Vera Pinto Pereira, Mr Antonio do Pranto Nogueira Leite, Mr Acacio Liberado Mota Piloto, Ms Francisca Guedes de Oliveira, Mr Francisco Seixas da Costa, Mr Allan Katz, Ms Conceição Lucas y Mr Alejandro Fernández de Araoz Gómez-Acebo.

That due to the sanitary crisis derived from COVID-19, the meeting was held through video conference, and therefore the accounts could not be physically signed by the Board Members.

That the Board Members attending the meeting unanimously agreed to approve and formulate the Condensed Interim Consolidated Financial Statements and the Management Report of EDP Renováveis, S.A. and its subsidiaries corresponding to the first half of 2020 (Interim Report 1H2020), each of them stating expressly the approval and without any disconformity being raised.

This certification is attached to the Interim Report 1H2020, the authenticity of which I hereby guarantee, and is issued at Oviedo on September 3, 2020.

A handwritten signature in blue ink, appearing to be 'Emilio García-Conde Noriega', written over a faint blue line.

**Emilio García-Conde Noriega**  
Secretary of the Board of Directors



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