



**EDP – ENERGIAS DE PORTUGAL, S.A.**

*(incorporated with limited liability in the Portuguese Republic)*

**EDP FINANCE B.V.**

*(incorporated with limited liability in the Netherlands and having its statutory seat in Amsterdam)*

**EDP SERVICIOS FINANCIEROS ESPAÑA, S.A.U.**

*(incorporated with limited liability in Spain)*

**€16,000,000,000**

**Programme for the Issuance of Debt Instruments**

Under this €16,000,000,000 programme for the issuance of debt instruments (the "**Programme**"), EDP – Energias de Portugal, S.A. ("**EDP**"), EDP Finance B.V. ("**EDP B.V.**") and EDP Servicios Financieros España, S.A.U. ("**EDP SFE**") and together with EDP and EDP B.V., the "**Issuers**" and each an "**Issuer**") may from time to time issue senior instruments (the "**Senior Instruments**") and, in the case of EDP only, subordinated instruments (the "**Subordinated Instruments**") and, together with the Senior Instruments, the "**Instruments**") as agreed between the relevant Issuer and the relevant Dealer (as defined herein). References to "Instruments" herein should be construed accordingly.

Instruments issued by EDP B.V. and EDP SFE will not be guaranteed by EDP, but EDP B.V. and EDP SFE each have the benefit of a Keep Well Agreement (as defined herein) executed by EDP as more fully described herein under "*Relationship of EDP B.V. and EDP SFE With EDP*".

The maximum aggregate nominal amount of all Instruments from time to time outstanding under the Programme will not exceed €16,000,000,000 (or its equivalent in other currencies calculated as described in the Dealership Agreement described herein), subject to increase as described herein.

An investment in Instruments issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Base Prospectus is valid within twelve months from the date of this Base Prospectus. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Base Prospectus is no longer valid. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuers nor as an endorsement of the quality of the Instruments that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Instruments.

Investors should make their own assessment as to the suitability of investing in the Instruments. Such approval relates only to Instruments which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for Instruments issued under the Programme within 12 months of this Base Prospectus to be admitted to the official list of Euronext Dublin (the "**Official List**") and trading on its regulated market.

References in this Base Prospectus to the Instruments being "listed" (and all related references) shall mean that the Instruments have been admitted to the Official List and to trading on the regulated market of Euronext Dublin. The Programme also permits Instruments (other than those issued by EDP SFE) to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer. The regulated market of Euronext Dublin is a regulated market for the purposes of MiFID II.

Notice of the aggregate nominal amount of Instruments, interest (if any) payable in respect of Instruments, the issue price of Instruments and certain other information which is applicable to each Tranche (as defined herein) of Instruments will be set out in a final terms document in respect of Senior Instruments (the "**Senior Instruments Final Terms**") or a final terms document in respect of Subordinated Instruments (the "**Subordinated Instruments Final Terms**") and, together with the Senior Instruments Final Terms, the "**Final Terms**") which, with respect to all Instruments to be admitted to the Official List, will be filed with the Central Bank. Copies of Final Terms in relation to Instruments to be admitted to the Official List and admitted to trading on Euronext Dublin will also be published on the website of Euronext Dublin (<https://live.euronext.com/>). Any website referred to in this document does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank.

The Instruments have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Instruments issued under the Programme may be rated or unrated by any one or more of the ratings agencies referred to herein.

**Arranger for the Programme**

**BNP PARIBAS**

**Dealers**

Banco Bilbao Vizcaya Argentaria, S.A.  
BNP PARIBAS  
CaixaBank  
Deutsche Bank  
HSBC  
J.P. Morgan  
Mizuho  
MUFG  
Santander Corporate & Investment Banking

Barclays  
Caixa – Banco de Investimento, S.A.  
Citigroup  
Goldman Sachs Bank Europe SE  
ING  
Millennium Investment Banking  
Morgan Stanley  
NatWest Markets  
Société Générale Corporate & Investment Banking

UniCredit

## IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

The Issuers accept responsibility for the information contained in this Base Prospectus. The relevant Issuer accepts responsibility for the Final Terms for each Tranche of Instruments issued under the Programme. To the best of the knowledge of the Issuers, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

This Base Prospectus should be read and construed with any amendment or supplement thereto and with any other documents incorporated by reference (see "*Documents Incorporated by Reference*") and, in relation to any Tranche of Instruments which is the subject of Final Terms, such Final Terms should be read and construed on the basis that those documents are incorporated in and form part of this Base Prospectus. The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus.

Each Issuer has confirmed to the Dealers and Deutsche Trustee Company Limited (the "**Trustee**") that this Base Prospectus is true, accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the Programme or the issue of Instruments, make any statement herein or opinions or intentions expressed herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. Each Issuer has further confirmed to the Dealers and the Trustee that this Base Prospectus (together with the applicable Final Terms) contains all such information as may be required by all applicable laws, rules and regulations.

No person has been authorised by the Issuers, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuers or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuers, any of the Dealers, or the Trustee.

Third party information has been included in this Base Prospectus. Where such third party information has been used the source of such information has been specified. Each Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

None of the Dealers makes any representation as to the suitability of any Instruments issued under the Programme the net proceeds of which (or an amount equal thereto) are intended to be used towards the financing and/or refinancing of Eligible Green Projects (as defined below). The Dealers have not undertaken, nor are they responsible for, any assessment or verification of the Eligible Green Projects and their impact, or monitoring of the use of the net proceeds of any such Instruments (or amounts equal thereto). Prospective investors should refer to EDP's green bond framework (the "**Green Bond Framework**") and the Second Party Opinion (each as defined herein), and for the avoidance of doubt, neither the Green Bond Framework nor the Second Party Opinion, is incorporated into, and/or forms part of, this Base Prospectus.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee or any of their respective affiliates: (i) as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuers in connection with the Programme; or (ii) for any acts or omissions of the Issuers or any other person in connection with this Base Prospectus or the issue and offering of Instruments under the Programme. No Dealer or the Trustee accepts any liability in relation to the

information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuers in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Instruments (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuers, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Instruments should purchase any Instruments. Each investor contemplating purchasing any Instruments should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Instruments constitutes an offer or invitation by or on behalf of the Issuers, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Instruments.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Instruments shall in any circumstances imply that the information contained herein concerning the Issuers is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme or to advise any investor in the Instruments of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Instruments.

#### **IMPORTANT – EEA RETAIL INVESTORS**

If the Final Terms in respect of any Instruments includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA will be prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

#### **IMPORTANT – UK RETAIL INVESTORS**

If the Final Terms in respect of any Instruments includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom ("**UK**") by virtue of the EUWA; or (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Instruments or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### **MIFID II PRODUCT GOVERNANCE / TARGET MARKET**

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under Commission Delegated Directive (EU) 2017/593 of 7 April 2016 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Instruments is a manufacturer in respect of such Instruments, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Final Terms in respect of any Instruments may include a legend entitled "*MiFID II product governance*" which will outline the target market assessment in respect of the relevant Instruments and which channels for distribution of the relevant Instruments are appropriate. Any person subsequently offering, selling or recommending the relevant Instruments (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the relevant Instruments (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

#### **UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET**

A determination will be made in relation to each issue about whether, for the purpose of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Instruments is a manufacturer in respect of such Instruments, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Final Terms in respect of any Instruments may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Instruments and which channels for distribution of the Instruments are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

#### **BENCHMARKS REGULATION**

Interest and/or other amounts payable under the Instruments may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmarks Regulation. Transitional provisions in the EU Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the relevant Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

#### **PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE**

The applicable Final Terms in respect of any Instruments may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Instruments pursuant to section 309B(1) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as modified or amended from time to time, the "**SFA**").

The Issuer will make a determination in relation to each issue about the classification of the Instruments being offered for purposes of section 309B(1)(a). Any such legend included on the applicable Final Terms will constitute notice to "**relevant persons**" for purposes of section 309B(1)(c) of the SFA.

#### **CREDIT RATINGS**

The rating of a particular Tranche of Instruments to be issued under the Programme may be specified in the applicable Final Terms.

Senior Instruments issued under the Programme are expected to be rated Baa2 by Moody's France SAS ("**Moody's**"), BBB by Fitch Ratings Ireland Limited ("**Fitch**") and BBB by S&P Global Ratings Europe Limited ("**S&P**"). Subordinated Instruments issued under the Programme are expected to be rated Ba1 by Moody's, BB+ by Fitch and BB+ by S&P.

A brief explanation of the meanings of these ratings is set out in "*General Information*".

Where an issue of Instruments is rated, its rating will not necessarily be the same as the rating applicable to the Programme.

Each of Moody's, S&P and Fitch is established in the European Union ("EU") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**EU CRA Regulation**") and, as such, is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website. Ratings issued by Moody's, S&P and Fitch will be endorsed by Moody's Investors Service Limited, S&P Global Ratings UK Limited and Fitch Ratings Ireland Limited, respectively, in each case in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**").

One or more independent credit rating agencies may assign credit ratings to the Issuers or the Instruments. Such ratings may not reflect the potential impact of all risks related to structure, market and any other factors that may affect the value of the Instruments. **A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.**

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

#### **IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF INSTRUMENTS GENERALLY**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Instruments in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Instruments may be restricted by law in certain jurisdictions. The Issuers, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Instruments may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuers, the Dealers or the Trustee which would permit a public offering of any Instruments or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Instruments may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Instruments may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Instruments. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Instruments in the United States, the UK, the EEA (including Belgium, France, the Netherlands, Portugal and Spain), Japan and Singapore, see "*Subscription and Sale*".

The Instruments may not be a suitable investment for all investors. Each potential investor in Instruments must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Instruments, the merits and risks of investing in the Instruments and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Instruments and the impact the Instruments will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Instruments, including Instruments where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Instruments and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Instruments are legal investments for it, (2) Instruments can be used as collateral for various types of borrowing, and (3) other restrictions apply to its purchase or pledge of any Instruments. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Instruments under any applicable risk-based capital or similar rules.

The Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and Instruments in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

This Base Prospectus may contain certain forward-looking statements. The words "**anticipate**", "**believe**", "**expect**", "**plan**", "**intend**", "**targets**", "**aims**", "**estimate**", "**project**", "**will**", "**would**", "**may**", "**could**", "**continue**" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of EDP and the EDP Group are forward looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause EDP's and the EDP Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward looking statements are based on numerous assumptions regarding the present and future business strategies of EDP and the EDP Group and the environment in which it is expected to operate in the future.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*". Any forward-looking statements made by or on behalf of the Issuers speak only as at the date they are made. None of the Issuers undertakes to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## **PRESENTATION OF INFORMATION**

### **Certain Defined Terms and Conventions**

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "*Terms and Conditions of Senior Instruments*" in respect of Senior Instruments, in "*Terms and Conditions of Subordinated Instruments*" in respect of Subordinated Instruments or any other sections of this Base Prospectus.

Reference to "the Conditions" shall be construed as references to the "*Terms and Conditions of Senior Instruments*" in respect of Senior Instruments or "*Terms and Conditions of Subordinated Instruments*" in respect of Subordinated Instruments, as applicable.

In addition, the following terms as used in this Base Prospectus have the meanings defined below:

**In this Base Prospectus, all references to:**

- "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars, the lawful currency of the United States;
- "Sterling" and "£" refer to pounds sterling, the lawful currency of the UK;
- "EUR", "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- "BRL" and "R\$" refer to the Brazilian real, the lawful currency of Brazil; and
- "billion" refers to a thousand million.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetical aggregation of the figures which precede them.

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## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Instruments, the applicable Final Terms.*

Words and expressions defined in the "*Terms and Conditions of Senior Instruments*" or "*Terms and Conditions of Subordinated Instruments*", as applicable, shall have the same meanings in this overview.

<b>Issuers:</b>	EDP – Energias de Portugal, S.A.  EDP Finance B.V.  EDP Servicios Financieros España, S.A.U.
<b>Risk Factors:</b>	There are certain factors that may affect each Issuer's ability to fulfil its respective obligations under Instruments issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Instruments issued under the Programme and risks relating to the structure of a particular Series of Instruments issued under the Programme. All of these are set out under the heading " <i>Risk Factors</i> ". Investors should carefully consider these risk factors and all of the information in the Base Prospectus before deciding to buy Instruments.
<b>Arranger:</b>	BNP Paribas
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A., Banco Comercial Português, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, BNP Paribas, Caixa – Banco de Investimento, S.A., CaixaBank, S.A., Citigroup Global Markets Europe AG, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, Mizuho Securities Europe GmbH, Morgan Stanley Europe SE, MUFG Securities (Europe) N.V., NatWest Markets N.V., Société Générale, UniCredit Bank AG and any other Dealers appointed in accordance with the Dealership Agreement.
<b>Certain Restrictions:</b>	Each issue of Instruments denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus.
<b>Issue and Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Registrar:</b>	Deutsche Bank Luxembourg S.A.
<b>Portuguese Paying Agent:</b>	Deutsche Bank Aktiengesellschaft – Sucursal em Portugal
<b>Trustee:</b>	Deutsche Trustee Company Limited
<b>Programme Size:</b>	Up to €16,000,000,000 (or its equivalent in other currencies calculated as described in the Dealership Agreement) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealership Agreement.

<b>Distribution:</b>	Instruments may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to compliance with all applicable laws, regulations and directives, the Instruments may be denominated in any currency agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Instruments, and the Book Entry Instruments will be denominated in Euro or such other currency as can be settled through Interbolsa, in all cases subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Maturities:</b>	The Instruments will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency and subject at all times to a minimum maturity of one year.
<b>Issue Price:</b>	Instruments may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Senior Instruments:</b>	The Senior Instruments will be issued in bearer, registered or book-entry form. The Senior Instruments may be issued by EDP, EDP B.V. or EDP SFE.
<b>Form of Subordinated Instruments:</b>	The Subordinated Instruments will be issued in book-entry form. The Subordinated Instruments will be issued by EDP only.
<b>Fixed Rate Instruments (Senior Instruments):</b>	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
<b>Floating Rate Instruments (Senior Instruments):</b>	<p>Floating Rate Instruments will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions or the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the applicable Final Terms, each as published by ISDA (or any successor) on its website (<a href="http://www.isda.org">http://www.isda.org</a>), on the date of issue of the first Tranche of the Instruments of such Series; or</li> <li>(b) on the basis of the reference rate set out in the applicable Final Terms.</li> </ul> <p>Interest on Floating Rate Instruments in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.</p>

	<p>The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Instruments.</p> <p>Floating Rate Instruments may also have a maximum interest rate, a minimum interest rate or both.</p>
<b>Zero Coupon Instruments (Senior Instruments):</b>	<p>Zero Coupon Instruments will be offered and sold at a discount to their nominal amount and will not bear interest.</p> <p>Zero Coupon Instruments may be issued by EDP or EDP B.V. EDP SFE will not issue such Instruments.</p>
<b>Instruments redeemable in instalments (Senior Instruments):</b>	<p>Each of the Issuers may issue Senior Instruments which may be redeemed in separate instalments in such amounts and on such dates as the relevant Issuer and the relevant Dealer may agree.</p>
<b>Fixed to Reset Rate Instruments (Subordinated Instruments):</b>	<p>Fixed to Reset Rate Instruments will bear interest on their principal amount from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the Initial Rate of Interest specified in the applicable Final Terms. Thereafter, this fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to a mid-market swap rate or to a reference bond yield to maturity, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms.</p>
<b>Benchmark Event:</b>	<p>If a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark specified in the applicable Final Terms, then such rate of interest may be substituted (subject to certain conditions) with a successor or alternative rate (with consequent amendment to the terms of such Series of Instruments and the application of an adjustment spread (which could be positive, negative or zero)).</p>
<b>Optional Redemption:</b>	<p>The applicable Final Terms issued in respect of each issue of Instruments will state whether such Instrument may be redeemed at the option of the Issuer (either in whole or in part) and/or (in the case of Senior Instruments only) the Holders and the terms applicable to such redemption.</p>
<b>Optional Interest Deferral (Subordinated Instruments):</b>	<p>EDP will have the right to defer interest payments on the Subordinated Instruments, in whole or in part, otherwise scheduled to be paid on an Interest Payment Date as described in Condition 4.3 (<i>Interest Deferral</i>) of the Subordinated Instruments.</p>
<b>Denomination of Instruments:</b>	<p>The Instruments will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Instrument will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Instrument will be €100,000 (or, if the Instruments are denominated in a currency other than euro, the equivalent amount in such currency).</p>
<b>Taxation:</b>	<p>All payments in respect of the Instruments will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction. In the event that any such deduction is made,</p>

the relevant Issuer will, save in certain limited circumstances provided in the Conditions of the relevant Instruments, be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:**

The terms of the Senior Instruments will contain a negative pledge provision which restricts the right of the Issuers to create or have outstanding any mortgage, lien, pledge or other charge or to otherwise secure any obligations (subject to certain conditions and exceptions) over the whole or any part of their assets while the Instruments remain outstanding as further described in Condition 4 (*Negative Pledge*) of the Senior Instruments.

Subordinated Instruments do not benefit from any negative pledge.

**Cross Default:**

The terms of the Senior Instruments will contain a cross default provision as further described in Condition 10 (*Events of Default*) of the Senior Instruments.

Subordinated Instruments do not benefit from a cross default.

**Status of Senior Instruments:**

Senior Instruments will constitute direct, unconditional, unsubordinated and (subject to the provisions of the Issuers' negative pledge above) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

**Status of Subordinated Instruments:**

Subordinated Instruments will constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. Subordinated Instruments will, in the event of the winding-up or insolvency of the Issuer, rank (a) junior to all Senior Obligations of EDP; (b) *pari passu* with each other and with the obligations of EDP in respect of any Parity Security; and (c) senior only to EDP's ordinary shares and any other class of share capital of EDP that ranks *pari passu* with ordinary shares.

**Rating:**

Each of EDP, EDP B.V. and EDP SFE has been rated Baa2 by Moody's, BBB by Fitch and BBB by S&P.

Senior Instruments issued under the Programme are expected to be rated Baa2 by Moody's, BBB by Fitch and BBB by S&P.

Subordinated Instruments issued under the Programme are expected to be rated Ba1 by Moody's, BB+ by Fitch and BB+ by S&P.

Series of Instruments issued under the Programme may be rated or unrated. Where a Series of Instruments is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing:**

Application will or has been made for Instruments to be admitted to trading on Euronext Dublin. The Programme also permits Instruments (other than those issued by EDP SFE) to be issued

on the basis that they (a) will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or (b) will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the relevant Issuer.

The applicable Final Terms will state whether or not the relevant Instruments are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Governing Law:**

English law, except that with respect to (i) Book-Entry Instruments (including, for the avoidance of doubt, Subordinated Instruments) only, the form and transfer of the Instruments, creation of security over the Instruments and the Interbolsa procedures for the exercise of rights under the Book Entry Instruments and (ii) in the case of Subordinated Instruments only, Condition 3 (*Status of the Subordinated Instruments*), are governed by, and shall be construed in accordance with Portuguese law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Instruments in the United States, the UK, the EEA (including Belgium, France, the Netherlands, Portugal and Spain), Japan and Singapore and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Instruments, (see "*Subscription and Sale*").

**United States Selling Restrictions:**

Regulation S, Category 2. TEFRA D, unless TEFRA C or TEFRA not applicable is specified as applicable in the relevant Final Terms.

## RISK FACTORS

*An investment in the Instruments involves risks. Prospective investors should carefully consider all of the information in this Base Prospectus and the documents incorporated by reference herein, including the following risk factors, before deciding to invest in the Instruments. The actual occurrence of any of the following events could have a material adverse effect on each Issuer's business, financial condition, prospects or results of operations which may adversely affect each Issuer's ability to make payments and fulfil its other obligations under the Instruments and EDP's ability to fulfil its obligations to EDP B.V. and EDP SFE under the Keep Well Agreements.*

*The risk factors described below consist of a limited selection of specific risks which the Issuers consider to be of most relevance to investors when the investor is making an investment decision. Additional risks not currently known or which are currently deemed immaterial may also have a material adverse effect on the Issuer's business, financial condition, prospects or results of operations or result in other events that could lead to a diminution of each Issuer's ability to fulfil its obligations under the Instruments and EDP's ability to fulfil its obligations to EDP B.V. and EDP SFE under the Keep Well Agreements.*

*References in this section to "EDP", the "Group" or the "EDP Group" are to EDP and its subsidiaries.*

### **Introduction**

*The risk factors described below are those that the Issuers believe are material and specific to the Issuers and that may affect the Issuers' ability to fulfil each of their respective obligations under the Instruments. The risk factors have been organised into the following categories:*

1. Risks relating to EDP's business activities;
2. Risks relating to the strategy of EDP;
3. Risks relating to EDP's operational activities;
4. Risks relating to the financial markets and financial activities of EDP;
5. Risks relating to the structure of an issue of Instruments;
6. Risks relating to certain terms of the Instruments;
7. Risks relating to the market for the Instruments; and
8. Risks related to withholding tax.

Within each category, the most material risks, in the assessment of the Issuers, are set out first. The Issuers have assessed the relative materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. The order of the categories does not imply that any category of risk is more material than any other category. Prospective investors should read the detailed information set out in this Base Prospectus (including the documents incorporated by reference herein), in conjunction with each of the risk factors described below, and reach their own views prior to making an investment decision.

#### **1. Risks relating to EDP's business activities**

For further information on the business of EDP, please see "*EDP and the EDP Group*".

#### **The selling price and gross profit per unit of energy sold by EDP may decline significantly due to a deterioration in market conditions and/or exposure to the local market of certain power plants.**

A decline in gross profit per unit of electricity or natural gas sold may result from a number of different factors, including: (i) an adverse imbalance between supply and demand in the electricity and natural gas markets in the countries in which EDP operates or in other related energy markets; (ii) the performance of international and/or regional energy prices such as oil, natural gas, coal, CO<sub>2</sub> allowances and green certificates or guarantees of origin; (iii) below average rainfall or wind speed and solar incidence levels; (iv) higher cost of power plant construction; (v) a change in the technological mix of installed generation capacity or (vi) geopolitical events that may impact regional or global markets. The gross profit per unit of

energy sold in liberalised energy markets can also be affected by administrative decisions imposed by legislative and regulatory authorities in the countries in which EDP operates. In the Iberian Peninsula, the volatility of EDP's gross profit per unit of electricity and natural gas sold can be particularly significant in its activities in the liberalised electricity and natural gas markets, which are fully exposed to market risk. If the difference between the market price for electricity and the marginal generation cost (which depends primarily on fuel and CO<sub>2</sub> costs) available at its thermal plants is too low, EDP's thermal plants may not generate electricity or electricity generation may be limited. This would directly result in lower gross margin and cash flows in EDP's Renewables, Clients and Energy Management segment.

In addition, the power plants still benefiting from the Contractual Equilibrium Maintenance Cost mechanism ("CMEC") have, from 2017 onwards, entered the final 10-year period of the mechanism, in which a final 10-year prospective adjustment amount to the initial CMEC compensation amount has been approved by the relevant authorities. Such adjustment amount may not reflect the evolution of the market prices and other variables for the next 10-year period and, as such, the power plants still benefiting from the CMEC regime will be partially exposed to the risk of market prices.

Payments for electricity sold by certain EDP wind and solar farms depend, at least in part, on market prices for electricity. In several countries, including, but not limited to, the United States, EDP sells its wind and solar power output mainly through long-term Power Purchase Agreements ("PPAs"), which set the sale price of electricity for the duration of the contract. When a PPA is not executed due to market conditions or as part of a commercial strategy, EDP sells its electricity output in wholesale markets in which it is fully exposed to market risk volatility. In jurisdictions where combinations of regulated incentives are used (such as green certificates, and market pricing), the regulated incentive component may not compensate for fluctuations in the market price component, and thus total remuneration may be volatile. Furthermore, in some cases where power generation is sold at a regulated or long-term contracted price, EDP may still be exposed to market volatility if there are significant price differentials between the price at the plants' grid injection node and the reference grid node for the contracts' settlement. Any structural and/or abrupt changes to the market (namely motivated by external reasons, such as geopolitical factors) are likely to have an impact on the PPAs' profitability. In the future, as regulated remuneration schemes and/or PPAs end for existing wind and solar farms, the gross margin and cash flows of the Group's Renewables segment may become more volatile and a source of increased risk for EDP.

In Brazil, the electricity generated by EDP's power plants is primarily sold through PPAs, while EDP's electricity distribution business, in accordance with certain regulatory rules can pass its electricity procurement costs to customers when the contracted energy level is between pre-defined boundaries. Nevertheless, payments for electricity sold by EDP's electricity generation, distribution and supply activities in Brazil can be affected by significant changes in electricity market prices, particularly due to extremely dry periods, wide fluctuations in electricity demand and changes of EDP's electricity distribution concession areas. In the future, the gross margin and cash flows for power plants whose existing PPAs end may become more volatile. Prices for new PPAs both for electricity generation plants under development or in operation are set through public tenders and can change significantly due to changes in competitive dynamics and/or the regulatory environment.

Although EDP seeks to mitigate market and price volatility risks through various financial and commodity hedging instruments relating to electricity, carbon emissions, fuel (coal and natural gas) and foreign exchange, as well as bilateral PPAs and long-term fuel supply agreements, there can be no assurance that EDP's hedging and financial strategy will prove effective. Likewise, purchases of hedging instruments, such as financial derivative contracts, could increase EDP's costs and reduce EDP's profit margins. If any of the above risks were to materialise they could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**The profitability of EDP's power plants is dependent on weather conditions.**

Electricity generation output from EDP's hydro, wind and solar power plants in operation, as well as expected levels of output from power plants under construction and under development, are highly dependent on weather conditions, particularly rainfall, wind and sunshine hours, which vary substantially across different locations, seasons and years. For example, in respect of hydro power plants, the upstream use of river flows for other purposes, restrictions imposed by legislation or the impact of climate change may result in a reduction in water flow available for electricity generation. Such impacts would result in lower hydro volumes available for power generation and lower revenues for EDP.

In respect of wind power plants, turbines only operate when wind speeds fall within certain operating ranges that vary by turbine type and manufacturer. If wind speeds fall outside or towards the lower end of these ranges, energy output at EDP's wind farms declines. As for solar farms, the level of solar energy impacts the production of electricity within specific operating ranges which are particularly affected by temperature. In respect of thermal plants, the hydro volumes of the year may also impact profitability, for instance restricting the use of water in the cooling processes. Such restriction may translate into higher cost for power generation in thermal plants and/or lower outputs, which would translate into lower gross margins for EDP. EDP cannot guarantee that actual weather conditions at a project site will conform to the assumptions that were made during the project development phase and, therefore, it cannot guarantee that its power plants will be able to meet their anticipated generation levels. Any such shortfall in generation levels could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP's profitability may be affected by significant changes in energy demand in each of the countries in which it operates.**

Significant changes in the demand for electricity and natural gas in the markets in which EDP operates may have a material impact on the profitability of EDP's business activities, such as generation and supply activities. EDP's investment decisions take into consideration EDP's expectations regarding the evolution of demand for electricity and natural gas, which may not only be significantly affected by the economic conditions of the countries in which EDP sells and distributes electricity and sells natural gas, but also by several of other factors including economic cycles, governmental policies, regulation, tariff levels, environmental and climate conditions. Significant changes in any of these variables may affect levels of per capita energy consumption, which could vary substantially from EDP's expectations.

Lower energy demand typically impacts EDP's Networks operating segment in Brazil and to a certain extent Portugal, where EDP's power distribution businesses have part of their revenue linked to power demand. In addition, EDP's Renewables, Clients and Energy Management segments are also indirectly impacted by lower energy prices given the imbalance in supply and demand under such a scenario. Moreover, Renewables, Clients and Energy Management are impacted by lower sales due to lower energy demand, especially in business client segments.

Any decrease in power demand or decrease in the rate of demand growth whether due to lower electrification of the economy, increased energy efficiency, the impact of the COVID-19 pandemic or other unexpected events or otherwise could adversely impact the demand for new renewable projects or otherwise have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**The profitability of EDP's thermal power plants and gas supply activities is dependent on the reliability of EDP's access to fossil fuels, such as coal and natural gas, in the appropriate quantities, at the appropriate times and under competitive pricing conditions.**

EDP's thermal power plants need to have ready access to fossil fuels, particularly coal and natural gas, in order to generate electricity. EDP's strategy for fossil fuels procurement is to enter into long-term and short-term purchase agreements to cover any potential contingencies. Although EDP has such long-term purchase agreements for fossil fuels in place and corresponding transportation agreements, EDP cannot be certain that there will be no disruptions in its supply of fossil fuels. The adequacy of this supply also depends on shipping and transportation services involving various third parties. In the event of a failure in the supply chain of fossil fuels, EDP may not be able to generate electricity in some or all of its thermal power plants or may not be able to comply with the terms of existing PPAs for contracted power plants.

For example, the Pecém coal plant in Brazil, which operates under a long-term PPA, can pass on its fossil fuel cost within certain limits. However, the profitability of this plant could be reduced if coal supply limitations reduce the plant's availability levels below those contracted under the PPA, for example, due to a shortage of fossil fuels. In the Iberian Peninsula's liberalised market, EDP's ordinary regime thermal power plants are fully exposed to changes in fossil fuel costs, including changes in related taxes. The gas that EDP buys for use in its combined cycle gas turbine power plants ("CCGTs") or to supply its gas customers in Portugal and Spain is currently supplied primarily through long-term contracts and delivered both through liquefied natural gas ("LNG") terminals and international pipelines. The supply chain of gas to the Iberian Peninsula passes through several countries and involves gas production and treatment, transport through international pipelines and by ship, and processing in liquefaction terminals. This supply chain is subject to political and technical risks. Although these risks are often addressed in force majeure



clauses in supply, transit and shipping contracts that may, to a certain extent, mitigate contractual risk by shifting it to the end-user market, contractual provisions do not mitigate other risks that might lead to diminished margins and loss of profits. In addition, any capacity, access or operational restrictions imposed by the transmission system operator ("TSO") on the use of LNG terminals, international grid connections or domestic grid connections may impair normal supply and sales activities, and such circumstances involve additional contractual risks that could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

EDP's long-term gas procurement contracts have prices indexed largely to benchmark oil price related indices in Europe and the Middle East and to benchmark gas prices in the United States and Europe. Under the terms of some of these gas contracts, EDP commits to purchasing a minimum amount of gas for a certain period through "take-or-pay" clauses. As a result, under certain circumstances, EDP may have to purchase more gas than it needs to operate its CCGTs or supply its gas customers, which may cause disruptions in the supply chain of natural gas and/or the enforcement of "take-or-pay" clauses and, in turn, affect the profitability of EDP's CCGTs or gas supply activity. In addition, any structural change on international oil and gas markets may create significant differences between benchmark oil prices indices and benchmark gas price indices thereby increasing basis risk. This could adversely impact the competitiveness of EDP's long-term gas procurement contracts. Such circumstances may affect the profitability of EDP's CCGTs or gas supply activity, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**EDP is exposed to the regulatory risks associated with the changes in laws and regulations in the countries in which it operates.**

EDP's operations include the generation, transmission, distribution and supply of electricity and related services (including regulatory frameworks in the development, construction, licensing and operation of power plants, transmission and distribution grids), and supply of natural gas in several jurisdictions pursuant to concessions, licences and other legal or regulatory permits, as applicable, granted by the governments, municipalities and regulatory entities in such jurisdictions. EDP operates in several countries across Europe, North America, Latin America and Asia-Pacific regions. The laws and regulations affecting EDP's activities in these countries may vary by jurisdiction and may be subject to modifications, including those resulting from ordinary expiry of regulatory periods, unilateral imposition by regulators and legislative authorities or due to judicial or administrative proceedings or actions. Furthermore, additional laws and regulations may be implemented, including those enacted due to actions filed by third parties or lobbying by special interest groups. Any of those changes may make such laws and regulations more restrictive or in other ways less favourable to EDP.

In particular, the development and profitability of renewable energy projects is significantly dependent on policies, regulatory frameworks, and in certain instances, governmental subsidies and incentives that support such development. Many states in the United States, the U.S. federal government, and many Member States of the EU, including European countries in which EDP operates or has pipeline projects, have adopted policies and measures that actively support renewable energy projects and the Group continues to base a significant portion of its capital investment in anticipation of continued support for these policies. Support for renewable energy sources has been strong in past years and EDP has benefited from such support. In the United States, the federal government has supported renewable energy primarily through income tax incentives. Historically, the main U.S. federal tax incentives for wind and solar projects have been the US federal Production Tax Credit ("PTC"), the five-year accelerated depreciation for eligible assets under the Modified Accelerated Cost Recovery System ("MACRS") and the Investment Tax Credit ("ITC"). In addition, many U.S. state governments have implemented Renewable Portfolio Standards ("RPS"), which typically require that a certain percentage of the electricity supplied by a utility to its customers within such state or utility territory is to be sourced from renewable resources. In some cases, owners of renewable energy projects located in U.S. states that have an RPS and/or export electrical energy to transmission and distribution systems in U.S. states that have RPSs accrue Renewable Energy Credits ("RECs"), which are often sold to utilities distributors for those utilities distributors to comply with its obligations under an RPS. The EU has implemented energy targets for 2030, which are, for the most part, particularly in relation to energy efficiency and renewable energy, not binding on a national level. EDP cannot guarantee that such support, policies, regulatory frameworks, or governmental subsidies and incentives in the jurisdiction in which it operates will be maintained, which could significantly impact the financial success of its investment programme, especially with respect to renewables.

Some of the Group's operations are subject to concessions, licences and permits which are granted for fixed periods of time or are subject to early termination or revocation ("*revogação*" or "*resgate*") under certain circumstances, including as a result of legal proceedings, challenges, disputes, legal or regulatory changes or failure to comply with the terms of the relevant concession, licence or permit. Upon termination of a concession or the expiration of a licence or permit, the fixed assets associated with such concessions, licences or permits, generally revert to the government or municipality, which granted such concession, licence or permit. Under these circumstances, although specified compensatory amounts might be payable to EDP with respect to these assets, such amounts, if any, may not be sufficient to compensate EDP for its actual or anticipated losses. Moreover, the expiration or termination of concessions, licences or permits might limit EDP's ability to conduct its business or a segment thereof in an entire jurisdiction. For example, one of EDP's subsidiaries, E-Redes, is currently the concessionaire of approximately 99 per cent. of the municipal low voltage distribution concessions in Portugal, which have either expired (and are subject to annual renewal) or are set to expire soon (the latest of which in 2026), all of which are set to be subject to international public tenders to select new concessionaires. No assurance may be given that E-Redes will be successful in such public tenders or that the terms and conditions of any such concession will be favourable to EDP. For more information on the termination of the low voltage distribution concession agreements and the upcoming public tenders, see "*Regulatory Framework*".

The complex international regulatory environment in which EDP operates also exposes EDP to the risk of regulatory proceedings for disagreements on the interpretation of applicable laws. For example, in 2019, the European Commission ("EC") announced the opening of infringement proceedings against eight Member States, including Portugal, alleging that certain national laws and past governmental practices regarding the award and renewal of hydropower concessions were inconsistent with applicable EU law. Regarding Portugal, the EC's proceedings focused on the 2008 extension of contracts for the use of public domain water resources by EDP's power plants, which benefited from CMEC stranded costs compensation approved by the EC in 2004. Although EDP is not a party to these proceedings, a final decision against the Portuguese state could ultimately result in a challenge to the validity of EDP's hydropower concessions or otherwise adversely impact such concessions, which would have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

EDP's business is also affected by other general laws and regulations in the various jurisdictions in which it operates, including taxes, levies and other charges, which may be amended, or subject to varying interpretations, from time to time. Rapid or significant modification in such laws and regulations could impose additional costs on EDP, such as compliance costs or the restriction of business opportunities, among others. EDP cannot guarantee that current laws and regulations will not be rapidly or significantly modified or that their interpretation by relevant authorities will differ in the future, whether in response to public pressure or initiated by regulatory, judicial or legislative authorities.

In addition, other laws and regulations may in the future become applicable to EDP and/or the business activities in which EDP is engaged, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP's cash flow is subject to possible changes in the amounts and timings of the recovery of the regulatory receivables from the energy systems.**

EDP has annually recognised an amount of regulatory receivables in its statement of financial position that is related to its regulated business activities in Portugal, Spain and Brazil. These regulatory receivables are to be recovered from the energy system within a pre-determined period, set by the relevant regulator, and any changes in the amount and timings of the recovery of such receivables may have an impact on EDP's cash flow. For instance, with respect to regulated energy distribution activities in Portugal and Brazil, as well as the generation activities in Spain, a tariff deficit/surplus is generated whenever market conditions are different from the regulator's assumptions when setting electricity tariffs for a certain year or, in case of deficit, when the regulator or the government decides not to recover all system costs in a given year and defer the payment of such regulatory receivables for a number of years. In the past, significant amounts of regulatory receivables were generated, mostly in Portugal, Spain and Brazil, meaning that revenues collected through electricity tariffs to end-consumers were not sufficient to cover electricity system costs. In Portugal, EDP has been able to sell a significant part of its right to receive payment for these amounts without recourse, but a portion is still pending to be recovered from the relevant regulators. The total amount of regulatory receivables in EDP's balance sheet can vary significantly within each period, either due to an increase or because EDP has sold a portion of its right to receive payment for these receivables without recourse. There can be no assurance that, in the future, new amounts of regulatory receivables will not

continue to be generated or that final amounts received will not be different from the amounts initially expected or that EDP will be able to monetise them, which could have a material adverse effect on EDP's business, financial condition, results of operation and prospects. For more information see "*Regulatory Framework – European Energy Policy – Iberian Peninsula*".

**EDP's financial condition and results of operations may be adversely affected by natural disasters and other calamities, such as earthquakes, storms, extreme weather conditions, pandemic diseases, and any similar event.**

The occurrence of a natural disaster or other calamity could significantly affect EDP's operations and financial condition, if it occurs in a country or region where EDP operates its business, or from which EDP sources materials and/or equipment and components that are essential for the operation, or required in the construction and development of, its power plants.

In particular, the outbreak of coronavirus ("**COVID-19**") has led to governmental measures imposed around the world to stymie the spread of the pandemic. COVID-19 has had and continues to have a significant impact on the global economy and society. In the event of vaccine-resistant strains of COVID-19 or the re-imposition of restrictions, there may be a further increase in macroeconomic uncertainty and decreased energy demand as well as delays or service disruptions in the Group's operational activities should there be any issues in its supply chains and/or the unavailability of its suppliers or employees. Access to new funding necessary for its business operations or investments may also be more limited or more costly, due to generalised heightened credit risk concerns and financial markets' volatility. Moreover, economic uncertainty could lead to a deterioration in creditworthiness and significant delays in payments by EDP's counterparties and could increase the risk of default by such counterparties, some of whom may currently be benefitting from governmental support measures and which upon expiry of such measures could result in increased bad debts for the Group. In addition, EDP could also face heightened exchange rate risks for non-EUR denominated businesses as well as liquidity risks if cash flows are reduced or existing cash and equivalent liquidity is insufficient to meet EDP's commitments. In addition, economic disruption and depressed markets could affect EDP's assets and portfolio (for example, by delaying the construction or development of its projects, delaying asset maintenance, delaying auctions for new concessions or the execution of its corporate strategy, any of which may lead to an increase in costs, loss of profit and potential contractual disputes and penalties), processes (for example, by causing service disruptions among its critical suppliers), human resources, in particular key executive management or technical personnel (for example, illnesses may lead to health-related absenteeism which may, in turn, reduce productivity, as well as know-how and competitiveness in the Group) and IT systems (for example, any failure from outsourcers may disrupt the level of maintenance and support available to EDP and its business activities). In addition, the adverse macro-economic impact of the pandemic may reduce EDP's growth prospects and business profitability. In some countries, an economic downturn could lead to public finance difficulties, which alongside possible social unrest may cause unexpected changes in governments and government policies that could possibly be negative for EDP's business profitability or growth prospects. Any of these factors could have a material adverse effect on EDP's business, financial condition, results of operations and prospects. The regulatory and physical risks of climate change could materially increase EDP's compliance and operating costs and adversely impact its results of operations and financial position.

Climate change may have a significant and wide-spread impact on EDP's and its stakeholders' activities over the medium to long-term. EDP faces transition risks related to the adoption of low-carbon strategies implemented to prevent and mitigate the effect of climate change, such as regulatory incentives and penalties, carbon pricing systems, energy efficiency solutions and low carbon products/services. The implementation of such policies to promote carbon reduction may impact the operations of EDP, in particular the operations of EDP's thermal plants which rely on coal and natural gas and are required to purchase CO<sub>2</sub> certificates, the market price of which fluctuates and can have an adverse impact on EDP's costs. In addition, EDP faces physical risks related to changes in meteorological conditions, such as structural changes in average temperatures, water and/or wind volumes, solar exposure, average sea levels, or the incidence of extreme climatic events, such as storms, floods, or temperature extremes that would result in a significant impact on EDP's hydro, wind and solar generation, networks and client solutions revenues and assets' resilience. EDP may not be able to predict, mitigate or adapt to the long-term regulatory and physical changes associated with such climate change which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**The conflict between Russia and Ukraine could adversely affect EDP's results of operations.**

In February 2022, following Russia's invasion of Ukraine, the U.S. and other countries announced sanctions against Russia. The sanctions announced by the U.S. and other countries against Russia to date include restrictions on selling or importing goods, services or technology in or from affected regions, travel bans and asset freezes impacting connected individuals and political, military, business and financial organisations in Russia, severing Russia's largest bank from the U.S. financial system, barring some Russian enterprises from raising money in the U.S. market and blocking the access of Russian banks to financial markets. The U.S. and other countries could impose wider sanctions and take other actions should the conflict further escalate.

For the Group specifically, the conflict has particular relevance in relation to the continuity of the Group's business in Europe, and for possibly more attenuated spill-overs for the operations in North America, Latin America and Asia. The Russia-Ukraine conflict has resulted in several impacts, direct and indirect, either due to the presence of EDP operations in border regions with Ukraine, the dependence on products and raw materials coming from the region or the general impact (increase of volatility) on the prices of gas and electricity caused by the conflict. The proximity of physical generation assets (in particular, EDP Renováveis, S.A.'s ("EDP Renováveis" or "EDPR")) to the border with Ukraine, namely in Poland, Romania and Hungary, presents EDP with a greater risk of suffering damage in the event of a geographic expansion of the military conflict. There may also be constraints or increases in the maintenance costs of assets due to a rise in the price of resources and raw materials, and/or due to the unavailability of labour coming from the affected countries. In terms of regulation. In addition to the temporary cap on the price of gas introduced in Iberia, there may be further changes in market structure or regulatory measures which may impact on the Group's business, including sectorial charges, windfall taxes, or measures to reduce energy consumption.

In the event geopolitical tensions fail to abate or deteriorate further, additional governmental sanctions may be enacted adversely impacting the global economy and supply chain, banking and monetary systems, markets or customers for our products, which could adversely affect EDP's results of operations.

**EDP's assets could be damaged by natural and man-made disasters or crisis and EDP could face civil liabilities or other losses as a result.**

EDP's assets and facilities are subject to risks and damage associated with fire, explosions, leaks storms, acts of terrorism, war, and other natural or man-made disasters, which may result in damage to EDP's plants, infrastructure and nearby properties, injury to employees and others and interruption of operations, which may lead to an increase in costs and liabilities and/or impact the quality of the services offered. EDP's inability to successfully recover should it experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory action and reputational harm. While EDP seeks to take precautions against such disasters, maintain disaster recovery strategies and purchase levels of insurance coverage that it regards as commercially appropriate, should any damage occur and be substantial, EDP could incur losses and damages not recoverable under insurance policies in force, which may in turn impact EDP's assets, business, financial condition, prospects or results of operations.

Such events could cause severe damage to EDP's power plants, transmission and distribution networks and facilities, requiring extensive repair or the replacement of costly equipment and may limit EDP's ability to operate and generate income from such facilities for a period of time. Such incidents could also cause significant damage to natural resources or property belonging to third parties, or personal injuries, which could lead to significant claims against EDP and its subsidiaries. The insurance coverage that EDP maintains for such natural disasters, catastrophic accidents and acts of terrorism may become unavailable or be insufficient to cover losses or liabilities related to certain of these risks.

Furthermore, the consequences of these events may create significant and long-lasting environmental or health hazards and pollution and may be harmful or a nuisance to neighbouring residents. EDP may be required to pay damages or fines, clean up environmental damage or dismantle power plants in order to comply with environmental or health and safety regulations. Environmental laws in certain jurisdictions in which EDP operates, including the United States, impose liability, and sometimes liability without regard to fault, for releases of hazardous substances into the environment. EDP could be liable under these laws and regulations at current and former facilities and third party sites.

EDP may also face civil liabilities or fines in the ordinary course of its business as a result of damages to third parties caused by the natural and man-made disasters mentioned above. These liabilities may result in EDP being required to make indemnification payments in accordance with applicable laws that may not be fully covered by its insurance policies.

A disruption or failure of the Group's systems or operations in the event of a major earthquake, flood, weather event, public health crisis, cyber-attack, terrorist attack, war or other catastrophic event could affect EDP's operations and financial condition if it occurs in a country or region where EDP operates its business, or from which EDP sources materials and/or equipment and components that are essential for the operation, or required in the construction and development of, its power plants. A catastrophic event that results in the destruction or disruption of any of the Group's critical business or energy infrastructure could harm its ability to conduct normal business operations and, consequently, its results of operations. Such natural disasters and other catastrophic events may result in additional costs in replacing equipment and infrastructure, potential difficulties in executing maintenance of EDP's assets and possible legal liabilities and reputational harm.

In particular, EDP has an interest in a nuclear power plant through EDP España, S.A.U. (formerly Hidroeléctrica del Cantábrico S.A.U., "**EDP España**"), which holds a 15.5 per cent. interest in the Trillo nuclear power plant in Spain. As required by the international treaties ratified by Spain, Spanish law and regulations limit the liability of nuclear plant operators for nuclear accidents. Spanish law provides that the operator of each nuclear facility is liable for up to €700 million as a result of claims relating to a single nuclear accident. EDP would be liable for its proportional share of this €700 million amount. Trillo has insurance to cover potential liabilities related to third parties arising from a nuclear accident in Trillo for up to €700 million, including environment liability up to the same limit. In the proportion of EDP España's stake in Trillo, EDP could be subject to the risks arising from the operation of nuclear facilities and the storage and handling of radioactive materials. Any such calamities are likely to result in a worsened macro-economic environment and could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP is subject to compliance costs as well as liabilities under environmental, health and safety laws and regulations.**

EDP's businesses are subject to numerous environmental regulations. These include national, regional and local laws and regulations of the different countries in which EDP operates, as well as supra-national laws, particularly EU regulations and directives and international environmental agreements. More restrictive or less favourable regulations, or the stricter interpretation of current regulations, such as an obligation to modify existing power plants and associated facilities or the implementation of additional inspection, monitoring, clean up or remediation procedures, could lead to changes in EDP's operating conditions that might require additional capital expenditure, increase its operating costs or otherwise hinder the development of its business. Environmental regulations affecting EDP's businesses primarily relate to air emissions, water and soil pollution, waste disposal and electromagnetic fields.

EDP continues to operate according to its current CO<sub>2</sub> management practices and according to existing legislation and regulations regarding these emissions. There can be no assurance, however, that EDP will manage its CO<sub>2</sub> emissions to be less than or equal to the number of emission allowances it holds (or otherwise acquires) nor that the current relevant European or local laws, regulations and targets will not be subject to change in the future. Less stringent CO<sub>2</sub> regulations in the EU may cause the price for CO<sub>2</sub> allowances to decrease causing power prices to fall, which would in turn impact EDP's gross margin in the short term and lead to slower deployment of new renewable capacity, thus reducing EDP's growth prospects in the long-term.

Apart from CO<sub>2</sub>, the major waste products of electricity generation using fossil fuels are sulphur dioxide, nitrogen oxide, and particulate matter, such as dust and ash. A primary focus of the environmental regulations applicable to EDP's business is to reduce these emissions, and EDP may have to incur significant costs in the future to comply with environmental regulations that require the implementation of preventive, mitigation or remediation measures. Environmental regulation may include emission limits, cap-and-trade mechanisms, taxes or remediation measures, among others, and may determine EDP's policies in ways that affect its business decisions and strategy, notably discouraging the use of certain fuels.

EDP has incurred, and will continue to incur, capital and operating expenditures and other costs in the ordinary course of business in complying with safety and environmental laws and regulations in the

jurisdictions in which it operates. Although EDP does not currently anticipate any significant capital expenditure in connection with environmental regulations outside of the ordinary course of business, EDP can provide no assurance that such capital expenditure will not be incurred or required in the future. Additionally, EDP may incur costs outside of the ordinary course of business to compensate for any environmental or other harm caused by its facilities or to repair damages resulting from any accident or act of sabotage.

In certain jurisdictions, EDP may be under a legal or contractual obligation to dismantle its facilities and restore the related site to a specified standard at the end of its operating term. In some cases, EDP is required to provide collateral for these obligations. EDP usually includes a provision in its accounts for dismantling and decommissioning costs based on its estimates of such costs, but there is no guarantee that such provisions reflect all its dismantling and decommissioning obligations costs or the real costs incurred or to be incurred. As such, EDP may incur higher costs than provisioned and/or expected, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

Violations of environmental laws protecting migratory birds and endangered species in certain jurisdictions may also result in criminal penalties and fines. EDP's operational performance and profitability may also be adversely affected by changes in health and safety regulations in the future. Changes in health and safety regulations may affect the design of industrial equipment in the future or the way EDP's power plants are constructed, including in ways that materially adversely affect EDP's operational performance or EDP's profitability, business, financial condition, results of operations and prospects.

**Changes in electricity, sale prices and other revenue related assumptions, or changes in costs with fuel and CO<sub>2</sub> licence could result in lower than expected revenue, higher than expected costs, decreased profitability and generation asset impairments.**

Electricity generation assets have a significant portion of their revenues derived from market prices or contracted sales. Additionally, the cost of fuel and CO<sub>2</sub> allowances represent a significant portion of the total cost related to EDP's thermal generation. As a result, a decrease in sales prices for any given reason and/or an increase in the cost of either coal, natural gas or CO<sub>2</sub> licences could make any given generation asset less competitive than energy produced from other sources, which could decrease revenues, increase costs and the profitability of EDP's coal plants. If EDP's thermal plants suffer a significant decrease in profitability, EDP could be required to recognise an impairment of its assets. If EDP is required to recognise additional impairments and incur added expenses relating to accelerated depreciation and amortisation, decommissioning, reclamation and cancellation of long-term fuel contracts of such generating plants and facilities, it could materially adversely affect EDP's operational performance or EDP's profitability, business, financial condition, results of operations and prospects.

**2. *Risks relating to the strategy of EDP***

For further information on the strategy of EDP, please see "*EDP and the EDP Group – Strategy of EDP*".

**EDP may be exposed to additional risks if it performs mergers and acquisitions ("M&A") activities.**

EDP may seek opportunities to expand its operations in the future through strategic acquisitions or re-focus its core business activities or markets through strategic and/or non-core divestments. EDP plans to assess each investment based on extensive financial and market analysis, which may include certain assumptions.

The process of exploring, assessing and conducting M&A activity can be time consuming and costly in terms of the time spent by EDP's management identifying and assessing whether a divestment or acquisition is in line with EDP's strategy, the expenses EDP is required to commit in advisory fees, the costs of financing such a transaction, the process of obtaining relevant surveys, licences and approvals and the legal due diligence EDP is required to undertake.

Even if EDP is satisfied with the benefits of a particular transaction, there can be no guarantees that EDP will successfully complete such M&A activity as it may be unable to agree acceptable terms of sale or purchase, or be unable to obtain the necessary licences and approvals from regulatory authorities. This could happen at any stage during M&A activity, even when EDP has already spent considerable time, resources and expenses on a transaction. Conversely, if a transaction can be agreed, there can be no guarantees that EDP will be able to realise the identified, diligenced and assumed benefits from such M&A activity or that any new assets, staff or businesses can be integrated with its existing operations.

Moreover, M&A transactions may be subject to authorisations from licensing and regulatory authorities.

As such, there can be no certainty that EDP will manage such issues relating to its M&A activity successfully, that it will successfully integrate or complete its M&A activity or realise the anticipated synergies or benefits of such M&A activity. Any failure or perceived failure by EDP in this regard could have a material adverse effect on its reputation and on its business, financial condition, or results of operations, including the sustainability of EDP's business over time which could, in turn, impact its ability to meet its obligations under any Instruments.

**Increased focus by investors on environmental, social and governance matters may impact EDP's business and reputation.**

Environmental, social and governance ("ESG") matters are of increasing importance, with companies facing heightened scrutiny for their performance on a variety of ESG matters, which are considered to contribute to the long-term sustainability of companies' performance. In particular, EDP has been focusing on ESG matters as part of its strategy and subsequently and publicly announced a number of sustainability targets. Accordingly, if such targets are not met or there are other negative ESG developments, this could have a material reputational impact, and could lead to actions by regulators or impact the attractiveness of EDP to investors.

A variety of organisations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicised. Topics taken into account in such assessments include, among others, EDP's efforts and impacts on climate change, ethics and compliance with law, and the role of EDP's boards of directors in supervising various sustainability issues. A number of advocacy groups, both domestic and international, have campaigned for governmental and private action to promote change at public companies related to ESG matters. These activities include for example, demands for action related to climate change, promoting the use of substitutes to fossil fuel products, and encouraging the divestment of companies in the fossil fuel industry, as well as the adoption of social and governance sustainable practices. However, the methodologies and practices related to the assessments that evaluate ESG initiatives vary and are developing, which can lead to inconsistent reporting and indicators which evaluate ESG initiatives are not always consistent or reliable.

There can be no certainty that EDP will manage such issues successfully, or that it will successfully meet its ESG targets and society's expectations, as they are constantly evolving and there is no established framework for managing those issues. Any failure or perceived failure by EDP in this regard could have a material adverse effect on its reputation and on its business, financial condition, or results of operations, including the sustainability of EDP's business over time.

**EDP is exposed to the uncertainty of the macroeconomic, political and social environment.**

EDP's operational results and capacity to execute its strategy are directly related to, among other factors, the political and social conditions as well as the general level of economic activity in the countries in which EDP operates. The global economy and the global financial system have in the past experienced periods of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain EU countries including Portugal and Spain where EDP has a significant presence. This market dislocation was historically accompanied by recessionary conditions and trends in many economies throughout the EU.

Additionally, even under normal economic and social conditions, EDP cannot predict how the economic cycle will develop or whether there will be a deterioration of the economic situation globally or in Portugal, Spain, Brazil and the United States or any other country where EDP operates. As a result of any such recessionary conditions or economic deterioration, and resultant loss of liquidity in the global economy, executing EDP's strategy could prove to be more challenging.

Furthermore, the Group is subject to risks associated with the instability of the political and social environment in each of the jurisdictions where it operates, including among other things, (i) increase in taxation; (ii) lower and/or less financially attractive investment opportunities as consequence of negative evolution of public policy on the energy sector; (iii) changes in regulation which impose additional costs or reduce revenues for EDP; (iv) expropriation or nationalisation of assets; (v) attacks on EDP's energy infrastructure; (vi) foreign exchange controls; (vii) taxes on remittances and other payments by subsidiaries; (viii) requirements to comply with conflicting national and local regulatory requirements; (ix) potential

difficulties in staffing and labour disputes; and (x) civil disturbances and governmental instability. The occurrence of any of these risks could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP may not be able to keep pace with the rapidly evolving technological changes in the energy sector which could adversely impact its ability to increase, or maintain, its competitiveness.**

The technologies used in the energy sector have undergone rapid changes in the past and may in the future continue to change rapidly as techniques to generate, distribute and retail electricity and related services are constantly improving and becoming more complex. In order for EDP to maintain its competitiveness and to expand its business, it must effectively adjust to such technological changes.

In particular, technologies related to power generation, electricity transmission, distribution and supply of energy-related services are constantly updated and modified. EDP may be unable to identify, acquire or develop these technologies in a timely manner or without significant investment.

If EDP is unable to modernise its technologies quickly and regularly and to take advantage of industry trends, it could face increased pressure from competitors and lose market share in the markets in which it operates. EDP could also lose valuable opportunities to expand its operations in existing and new markets if it is unable to integrate new technologies into its operations. Specifically, the evolution of technologies relating to distributed solar generation, utility-scale solar generation, floating and non-floating offshore wind generation, electricity storage and batteries and demand-side management may in the future come to be critical to EDP's competitive position and business prospects. A number of these technologies are core to EDP's strategy, particularly its focus on development of renewables and client solutions, and any failure to successfully implement technological developments effectively could have a negative impact on EDP's longer term competitive position.

In addition, other technologies which are currently deemed less important or others which may yet be developed have the potential to have equally or more disruptive impacts in the energy sector and on EDP's competitiveness. Moreover, new entrants in the supply, energy management and services sectors such as aggregators and players skilled in managing demand-side capacity and/or in the internet-of-things technology may also disrupt these business segments and cause EDP to lose market share. There can be no assurance that EDP will be able to identify, invest in or acquire the necessary technologies to increase or maintain its competitiveness, which in turn could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP depends on relationships with joint venture partners and other third parties for revenues.**

EDP has in the past invested in assets alongside other business partners or executed M&A deals such that created jointly-held assets, with EDP holding a minority interest, control or equal rights. Some of these joint ventures are significant to the successful execution of EDP's strategy, such as the joint-venture with Engie, *société anonyme* ("**Engie**") in offshore wind generation.

In these instances of joint-ventures, business partnerships or other shared asset holdings in which EDP is currently involved or may be in the future, there is a risk of governance disputes causing operational or managerial difficulties such as slower decision making, limitations in asset rotation deals, increased difficulty in refinancing these businesses or adverse spill over reputational effects from a business partner's actions. These examples or other forms of governance risks can result in reduced profitability, reputational risks or other impacts in the perceived value of EDP. Although no such issues have materially affected EDP in the past, there can be no assurance of that being the case in the future.

Joint venture transactions present certain risks, including the possibility that joint venture partners may have economic, business or legal interests or goals that are inconsistent with those of EDP, may become bankrupt, may refuse to make additional investments that EDP deems necessary or desirable or may prove otherwise unwilling or unable to fulfil their obligations under the relevant joint venture agreements. To the extent that EDP does not control a joint venture, the joint venture partners may take action that is not in accordance with EDP's policies or objectives. For example, joint venture partners may have the ability to block business, financial or management decisions, such as the decision to distribute dividends or appoint members of management, which may be crucial to the success of the project or to the investment in the project or otherwise implement initiatives that are contrary to EDP's interest. In addition, there is a risk that such joint venture partners may ultimately become competitors of EDP.



Further, the success of these joint ventures also depends, in large part, on the satisfactory performance by EDP's joint venture partners of their contractual, financial, legal, regulatory and other obligations, including their obligation to commit working capital, equity or credit support, to support their indemnification and other contractual obligations and to comply with applicable laws and regulations. If a joint venture partner fails to perform its obligations satisfactorily or the relationship between the joint venture partners deteriorates or, ultimately, breaks down, for whatever reason, the joint venture may be unable to adequately perform or deliver its contracted services. Under these circumstances, EDP may be required to make additional investment and provide additional resources to ensure the adequate performance and delivery of the contracted services and there can be no assurance that EDP will recover any additional investment or additional resource in a timely manner or at all. This could in turn have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP is subject to increasing competition in the markets and regions where it operates.**

Structural changes in competition in the markets where EDP operates may have an impact on EDP's business activity, such as new entrants to the market, declines in demand, excess capacity or the launch of marketing campaigns, products or services.

In its Renewables segment, increased competition may cause EDP to be unsuccessful in obtaining licences for the construction or operation of new power plants, in acquiring available sites and grid interconnection rights, and in setting prices for energy produced. Although EDP has generally been able to obtain a sufficient number of interconnection rights through tender processes in the past, there is no certainty that it will be able to obtain such rights in the future, particularly in light of an increasingly competitive environment. Failure to obtain these rights may cause delays to, or prevent the development of, EDP's wind and solar power projects and affect the recoverability of any cost incurred. In addition, EDP's existing or future interconnection rights may not be sufficient to allow EDP to deliver electricity to a particular market or buyer. Wind and solar farms can be negatively affected by transmission congestion from other companies when there is insufficient available transmission capacity, which could result in lower prices for wind and solar farms selling power into locally priced markets, such as certain U.S. markets. The renewable energy market has been subject to an increase in the number of competitors with different backgrounds (including traditional companies operating in the utilities sector, newly specialised renewable companies, financial investors, companies from the oil and gas sector and others). These and other competitors may benefit from a number of advantages, including control of significantly greater resources, wider diversification of risk, larger financial capacity, improved economies of scale, enhanced specialisation and technological innovation and/or broader or deeper technical and operational expertise. Increased competition may hinder the ability of EDP to grow its installed renewable capacity and deliver its strategic targets.

In its Network segment, EDP also faces competition with respect to its electricity transmission and distribution businesses, namely through competitive bids in auctions for new concessions and or/renewal of existing concessions in the different geographies where EDP is present or seeks new business. Increased competition could materially adversely affect the profitability and growth of this particular business and, in turn, the profitability of EDP.

In its Renewables, Clients and Energy Management segment, the liberalised markets in Portugal, Spain and Brazil, which were created to increase competitiveness in electricity and natural gas supply markets, have observed aggressiveness of retail offers from suppliers competing with EDP and added further volatility in terms of market shares and unit price margins. Moreover, there is a risk that the liberalised markets may result in deviations in actual consumption that differ from the Group's forecasting model. EDP may not be able to anticipate the various risks and opportunities that may arise in the liberalised markets in which EDP operates, namely in Portugal, Spain and Brazil's electricity and natural gas markets, and the eventual end of the role of last resort suppliers in the regulated market, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

EDP may also increasingly face new entrants with distinct competitive advantages in terms of technological skills and distribution channels, namely in decentralised solar, electric mobility, demand-side management and internet-of-things sectors. Such competition, being generally different from the traditional players of this industry, may make it more difficult for EDP to achieve its strategy or may cause it to lose market share in existing businesses.

**EDP's international operations are exposed to a variety of economic, social and political risks which have a material adverse effect on EDP's results of operations and financial condition.**

EDP has a significant share of its activities distributed across various countries, including in Europe, Latin America, North America and Asia-Pacific. In the future, EDP may increase the share of its operations in these geographies and/or enter new countries. Investments in Latin America, North America and other countries outside the Eurozone present a different or greater financial risk profile to EDP than those made in the Eurozone. As a result, EDP is exposed to a variety of global and local economic, political, regulatory and social conditions, including, among others: (i) energy market risks; (ii) compliance with local legislation; (iii) economic volatility; (iv) exchange rate fluctuations and exchange controls; (v) differing levels of inflationary pressures; (vi) differing levels of government involvement in the domestic economy; (vii) political uncertainty; (viii) unanticipated changes in regulatory or legal regimes; and (ix) geopolitical events including military conflicts.

In some geographies where EDP operates or others where it may enter in the future, public institutions and governments may be characterised by lack of transparency, corruption, lower level law enforcement and difficulties in protection of contractual and property rights or other practices that go against EDP's ethical principles and legislation or regulations to which it is subject in other countries, namely anti-corruption and/or anti-bribery legislation. In addition, EDP's activities and/or procedures in a given country may be affected by legislation, sanctions, embargoes or other restrictions imposed by another country. Failure to comply with any of these regulations and laws may result in fines or penalties and legal liabilities. Moreover, some regions may face heightened risks of terrorism, civil unrest, war or other threats to the safety of EDP's or its affiliates' employees, assets and/or facilities. These impacts, alongside other economic risks related to inflationary pressures, capital flow and exchange rate controls and unexpected political intervention in the economy create additional risks for EDP that could adversely materialise into lower profitability, difficulties in receiving cash flows from subsidiaries or affiliates, loss of assets or their economic value, reputational impact and legal exposure.

**EDP's Brazilian operations expose EDP to economic and regulatory risks.**

EDP has long-standing operations in Brazil, through its listed subsidiary EDP Brasil and the Brazilian operations of EDP Renováveis. EDP's operations in Brazil through EDP Brasil also subject EDP to a number of risks, which are fluctuations in currency exchange rates, foreign and legal regulatory requirements, difficulties in managing and staffing international operations, potentially adverse tax consequences, including complexities of international tax systems and restrictions on the repatriation of earnings, expropriation or governmental regulation restricting foreign ownership or requiring divestiture, increases in the cost of labour (as a result of unionisation or otherwise), environmental and climate change, the burdens of complying with different legal standards and political, social and economic upheaval. The occurrence of any of these risks could in particular negatively affect EDP's Brazilian operations, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP may in the future be subject to a change of control.**

As a publicly listed issuer, EDP – Energias de Portugal, S.A.'s shares may be the subject of a tender offer or the subject of any transaction resulting in one or more entities acquiring control of the majority of voting rights in EDP – Energias de Portugal, S.A.

In the event of such a change of control, a majority shareholder may have, directly or indirectly, the power to affect, among other things, the capital structure, asset base and the day-to-day operations of EDP, as well as the ability to elect and change the management of EDP and the ability to approve other changes to the operations and strategies of EDP and the Group. There can be no assurance that the Group would not be materially impacted should a change of control result in any of these events, which could, in turn, have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

**EDP B.V. and EDP SFE are funding vehicles for the Group.**

EDP B.V. and EDP SFE are funding vehicles for the Group and their main purpose is to raise finance in the international loan and capital markets and provide funds and investment services to the Group, including by entering into intra-group loan agreements. EDP B.V. and EDP SFE are exposed to interest rate risk and currency risk over their outstanding intra-group loans and external borrowings, which could adversely

impact their ability to meet their respective financial obligations. EDP B.V. and EDP SFE do not engage in any other activity and do not have any other sources of revenue. Therefore, given their main purpose as a funding vehicle for the Group, any risk factors affecting the ability of other companies in the Group to meet their financial obligations also affect EDP B.V. and EDP SFE and should be read accordingly.

3. ***Risks relating to EDP's operational activities***

For further information on the business of EDP, see "*EDP and the EDP Group*".

**EDP may encounter problems and delays constructing or connecting its electricity generation, transmission and distribution facilities.**

EDP faces risks relating to the construction of its electricity generation, transmission and distribution facilities, including risks relating to the availability of equipment from reliable suppliers, availability of building materials and key components, availability of key personnel, including qualified engineering personnel, delays in construction timetables and completion of the projects within budget and estimate date of commissioning and to required specifications. EDP may also encounter various setbacks such as adverse weather conditions, difficulties in connecting to electricity transmission grids, construction defects, delivery failures by suppliers, unexpected delays in obtaining zoning and other permits and authorisations or legal actions brought by third parties. Such problems or delays could expose EDP to a variety of costs, including, among others, increasing EDP's construction costs, exposing it to contractual damages, or delaying when EDP expects to begin accruing benefits under such facilities or contracts. In addition, a decision to postpone or cancel construction of a project may lead to penalties and a loss of payments performed, for example, in connection with concession licence rights. The occurrence of any of these events, whether individually or cumulatively, could have a material adverse effect on EDP's business, financial condition, and/or results of operations.

**Equipment failure at its power plants, electricity transmission and/or distribution networks may negatively impact EDP's results of operations and financial performance.**

EDP's business and ability to generate revenue depend on the availability and operating performance of the equipment necessary to operate its power plants and electricity transmission and distribution networks. Mechanical failures or other defects in equipment, or accidents that result in non-performance or under-performance of a power plant or electricity transmission or distribution network could have a material adverse effect on EDP's business, financial condition, results of operations and prospects. The cost to EDP of these failures or defects is reduced to the extent that EDP has the benefit of warranties or guarantees provided by equipment suppliers that cover the costs of repair or replacement of defective components or mechanical failures, or the losses resulting from such accidents can be partially recoverable by insurance policies in force. However, while EDP typically receives liquidated damages from suppliers for shortfalls in performance or availability (up to an agreed cap and for a limited period of time), there can be no assurance that such liquidated damages would fully compensate EDP for the shortfall and resulting decrease in revenues or penalties incurred, or that such suppliers will be able or willing to fulfil such warranties and guarantees, which in some cases may result in costly and time-consuming litigation or other proceedings, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**Information technology ("IT") and operation technology ("OT") system failures or breaches could materially adversely affect EDP's operations.**

EDP's IT and OT systems are critically important in supporting all of its business activities. Failures in EDP's IT and/or OT systems could result from technical malfunctions, human error, lack of system capacity, security or software breaches. The introduction of new technologies and the development of new uses, such as social networking, expose EDP to new threats. In addition, cyber-attacks and hacking attempts to which companies may fall victim are increasingly targeted and carried out by specialists. Any failure or malfunctioning of EDP's IT and/or OT systems could seriously affect its businesses and result in, among other things, breaches of confidentiality, delays or loss of data, and business interruption.

EDP has in the past been, and may in the future be, the target of cyber-attacks. There can be no assurance that the Group will not be materially impacted by cyber-attacks in the future, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

In addition, EDP also collects and stores sensitive data from customers, business partners, suppliers, institutional stakeholders and internal confidential information that is needed for its operations. This data is subject to data privacy protection regulations, namely the General Data Protection Regulation in the EU. Any events related to cyber-attacks, security breaches, computer viruses, malware or other that result in the loss of control of this data can potentially have a negative impact on EDP by means of regulatory fines, legal claims or liabilities, loss of customer confidence, reputational effects and otherwise materially adversely affect EDP's business, results of operations, financial condition and prospects. EDP's strategy also encompasses a commitment to digitalising its operations and technology in order to allow EDP to become more agile, flexible, global and efficient. Failure to meet such commitment could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP's power plants are susceptible to industrial accidents, and employees or third parties may suffer bodily injury or death due to such accidents.**

The design and manufacturing process is ultimately controlled by EDP's equipment suppliers or manufacturers rather than EDP, and there can be no assurance that accidents will not result during the installation or operation of this equipment. Such accidents or events could cause severe damage to EDP's power plants and facilities, requiring extensive repair or the replacement of costly equipment and may limit EDP's ability to operate and generate income from such facilities for a period of time. Such incidents could also cause significant damage to natural resources or property belonging to third parties, or personal injuries, which could lead to significant claims against EDP and its subsidiaries. The insurance coverage that EDP maintains for such natural disasters, catastrophic accidents and acts of terrorism may become unavailable or be insufficient to cover losses or liabilities related to certain of these risks. The materialisation of any of these risks could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP is unable to insure itself fully or against all potential risks and may become subject to higher insurance premiums.**

EDP's business is exposed to the inherent risks in the construction and operation of power plants, electricity distribution and transmission grids and other energy-related facilities, such as mechanical breakdowns, manufacturing defects, natural disasters, terrorist attacks, sabotage, personal injury and other interruptions in service resulting from events outside of EDP's control. EDP is also exposed to environmental risks, including environmental conditions that may affect, destroy, damage or impair any of its facilities. EDP has taken out insurance policies to cover certain risks associated with its business and it has put in place insurance coverage that it considers to be commensurate with its business structure and risk profile, in line with general market practice. EDP cannot be certain, however, that its current insurance policies will fully insure it against all risks and losses that may arise in the future. Malfunctions or interruptions of service at EDP's facilities could also expose it to legal challenges and sanctions which may not be covered by insurance.

In addition, while EDP has not made any material claims to date under its insurance policies that would make any policy void or result in an increase to the premiums payable in respect of any policy, EDP's insurance policies are subject to annual review by its insurers and EDP cannot be certain that these policies will be renewed at all or on similar or favourable terms.

If EDP suffers loss or damage that is not covered by insurance (including where EDP has decided to absorb the risk through self-coverage) or which exceeds its insurance cover, or has to pay higher insurance premia, or fails to adequately manage internal premia (where EDP owns a captive insurer and thus self-insures part of its operational risks in order to optimise its insurance programmes in terms of risk held and premia costs), this could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP may have difficulty in hiring and retaining qualified personnel.**

In order to maintain and expand its business, EDP needs to recruit, promote and maintain executive management and qualified technical personnel. An inability in the future to attract or retain sufficient technical and managerial personnel could limit or delay EDP's development efforts or negatively affect its operations.

The loss of key executive management or technical personnel could lead to a loss of specific know-how in several areas of EDP's activities, namely but not exclusively energy management, financial management, renewables supply chain management, thermal plants supply chain management, renewables' site discovery and project development, dispatch of power networks and power plants, maintenance of power networks and power plants or construction and dismantling of power plants. There can be no assurance that such losses will not occur or that adequate replacement would be found, which exposes EDP to a potential loss of competitiveness possibly resulting in diminished profitability and growth prospects, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP is subject to the risk of labour disputes, adverse employee relations and shortage of key personnel, each of which could adversely affect its operations and business**

Labour disputes could result in work stoppages, thereby damaging EDP's operations and cause EDP to obtain lower revenues due to a fall in sales or to incur additional costs, such as increased labour costs or other liabilities. Although EDP has not experienced any significant labour disputes or work stoppages to date, its existing labour agreements may not prevent a strike or work stoppage at any of EDP's facilities in the future.

Shortage of key personnel, particularly as a result of scarcity of specialist technicians in the energy sector, could lead to difficulties in executing critical operations and assuring the normal flow of the various activities that EDP executes. This could potentially lead to unexpected costs, loss of revenue and legal liabilities.

The materialisation of any of these risks could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP is a party in certain litigation proceedings.**

EDP is, has been, and may be from time to time in the future, subject to several claims and disputes in connection with its business activities. In the ordinary course of business, EDP and the Group may be party to litigation or subject to non-litigated claims and investigations, whether of a legal, regulatory or taxation-related nature, arising out of the normal operations of its global business. EDP cannot ensure that it will prevail in any of these disputes or that it has adequately reserved or insured against any potential losses. Consequently, any such litigation, proceedings or disputes may have a material adverse effect on EDP's reputation and results of operations.

See "*EDP and the EDP Group – Litigation*" for further information.

4. ***Risks relating to the financial markets and financial activities of EDP***

**Foreign exchange rate fluctuations may negatively impact EDP's results of operations and financial condition.**

EDP is subject to the risk associated with fluctuations in the cost of the purchase and sale of fossil fuels, electricity and related services, and with the cost of investments denominated in foreign currencies. EDP is also subject to the risk of transactional foreign currency, as well as currency fluctuations which can occur when EDP receives revenue in one currency and costs in another, or its assets or liabilities are denominated in foreign currency, and there is an adverse currency fluctuation in the value of net assets, debt and income denominated in foreign currencies (and in the extreme case, exchange rate and capital controls).

Moreover, some of EDP's operating subsidiaries have in the past and may in the future enter into agreements or incur substantial capital expenditure denominated in a currency that is different from the currency in which they generate revenues, creating a potential exposure to loss of profitability in the event that one or both currencies' exchange rates adversely change.

EDP is also exposed to currency translation risk when the accounts of its businesses outside the Eurozone, denominated in the respective local currencies, are translated into its consolidated accounts, denominated in Euros, creating a potential exposure to loss of economic value in the event that one or more currencies' exchange rate adversely change.

Although EDP attempts to naturally hedge currency fluctuation risks by matching its non-euro costs with revenues in the same currency as well as by using various financial instruments, there can be no assurance that EDP will always be successful in doing so.

There can be no assurance that EDP's efforts to mitigate the effects of currency exchange rate fluctuations will be successful, that EDP will continue to undertake hedging activities or that any current or future hedging activities EDP undertakes will adequately protect its financial condition and operating results from the effects of exchange rate fluctuations, that these activities will not result in additional losses or that EDP's other risk management policies will operate successfully.

**EDP's financial position may be adversely affected by volatility in the financial markets.**

EDP relies on access to short-term commercial paper, money markets and long-term bank and capital markets as sources of finance. In recent years, global financial markets have experienced extreme volatility and disruption and ongoing adverse financial market conditions, which could increase EDP's cost of financing in the future, particularly due to its debt refinancing requirements. An increase in short-term or long-term base interest rates could also negatively impact EDP's cost of debt and reduce cash available for servicing EDP's indebtedness, particularly given its floating rate exposure. If EDP is unable to access capital at competitive rates or at all to finance its operations, implement its strategy, or service obligations, it may be forced to reduce or delay investments and capital expenditure, sell assets, seek additional capital or restructure or refinance its indebtedness. The effect of any of these, whether individually or aggregately, could impact EDP's financial liquidity, and thus its ability to repay Holders.

**EDP's financial position may be adversely affected by changes to EDP's credit ratings.**

Some of EDP's debt is rated by credit rating agencies. Any downgrade in EDP's credit ratings could have a material adverse effect on EDP's business, financial condition, results of operations and prospects. In the event of a rating downgrade it is possible that EDP's funding options would be reduced and the cost of new debt would increase.

**EDP is exposed to counterparty risk in some of its businesses.**

EDP's electricity, natural gas and services supply to final customers, its energy wholesale activities in the Iberian Peninsula and in international markets, as well as its PPAs, in countries such as the United States, Italy, Belgium and Brazil, among others, are all subject to counterparty risk.

In the normal course of its financial management, EDP enters into agreements (deposits, underwritten credit facilities and derivative instruments) with various financial institutions. Similarly, EDP also maintains contractual relationships with suppliers of goods and services which are critical to the continuous functioning of its operations.

EDP is dependent on such counterparties continuing to comply with and perform their contractual obligations to ensure there is no disruption to EDP's operational, commercial and financial activities. While EDP seeks to mitigate counterparty risk by dealing with creditworthy entities, setting counterparty exposure limits, diversifying counterparties and/or requiring credit support, there can be no assurance that EDP will be able to successfully do so or that such counterparties will continue to maintain and perform their contractual obligations, particularly during any recession or macro-economic downturns. Should the creditworthiness or ongoing performance and operations of these counterparties significantly change, EDP's operations could be disrupted and its liquidity and financial position negatively affected. This could in turn have a material adverse effect on EDP's business, financial condition, results of operations and prospects and therefore EDP's obligations under the Instruments.

**EDP may not be able to finance its planned capital expenditure.**

EDP's business activities require significant capital expenditure. EDP expects to finance a substantial part of this capital expenditure with cash from its operating activities and proceeds from asset sales. If these sources are not sufficient, however, EDP may need to finance certain of its planned capital expenditure from outside sources, including bank borrowing, offerings in the capital markets, institutional equity partnerships, state grants or divestments. No assurance can be given that EDP will be able to raise the financing required for its planned capital expenditure on acceptable terms or at all. If EDP is unable to raise such financing, it may have to reduce its planned capital expenditure which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP's business requires high upfront investments based on forecasts and estimates of future returns that may not be realised.**

EDP has significant construction and capital expenditure requirements, and the recovery of its capital investment occurs over a substantial period of time. The capital investment required to develop and construct a power plant generally varies based on the cost of the necessary fixed assets, such as material equipment costs and labour construction services. The price of such equipment or construction services may increase, or continue to increase, if the market demand for such equipment or services is greater than available supply, or if the price of key component commodities and raw materials used to build such equipment increases. In addition, the volatility in commodity prices could increase the overall cost of constructing, developing and maintaining power plants in the future. Other factors affecting the amount of capital investment required include, among others, construction costs and interconnection costs. The Group is also required to commit significant capital expenditure for maintenance purposes throughout the operational period of the Group's assets. There can be no assurance such capital expenditure will not differ from the levels initially expected, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

Furthermore, EDP makes significant long-term capital expenditure and commitments on the basis of forecasts on certain investment parameters, including prices, volumes and interest rates which may turn out to be inaccurate. In the event of any material deviations from such estimates, EDP may not earn the expected return on related projects. In such instance, and also due to the level of indebtedness of EDP related to the capital intensive nature of its business, EDP may find it more difficult to cover the debt interest rate with the asset's returns, potentially leading to a competitive disadvantage relative to peers that lead EDP to forgo opportunities and/or require EDP to sell assets or issue further equity to meet its financial commitments.

Additionally, in order to explore growth opportunities, EDP regularly incurs expenditure in exploring, developing and planning new projects. Such projects may or may not reach a stage where they become fully operational, thus incurring higher than expected costs. The ability to translate EDP's projects from an in-development to a fully-operational stage depends on several factors, including, *inter alia*, the prices, the availability of PPAs and the market conditions of where a project is located.

**EDP faces liquidity risk and may face shortage of cash to meet obligations.**

EDP's sources of liquidity include short-term deposits, revolving credit facilities and underwritten commercial paper programmes with a diversified group of financial institutions. There is the risk of devaluation of the financial assets that EDP holds (traded on securities markets) or increased difficulty in securing, or increased cost of, short-term refinancing. However, if the creditworthiness of the financial institutions on which EDP relies for its funding significantly changes or if financial conditions deteriorate, EDP's liquidity position could be negatively affected, which could in turn have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

Moreover, EDP's liquidity management also considers expected future incoming cash from its operations or financial activities, as well as expected future cash outflows to meet commitments with employees, investors, suppliers, counterparties, business partners and other stakeholders. Especially cash inflow, but also cash outflow projections can vary significantly and cause EDP to decrease cash and cash equivalent holdings and/or to increase external financing to compensate this volatility. If under such a scenario, external financing was not readily available or was only available at a higher cost, EDP could face higher financing expenses, reputational risks that impair its business prospects or even a shortage of cash and failure to meet commitments with its stakeholders, which could have a material adverse effect on EDP's business, financial condition, results of operations and prospects.

**EDP risks incurring significant future costs with respect to its employee benefit plans.**

EDP grants some of its employees a supplementary retirement and survival plan including death subsidy ("**Pension Plan**") as well as a medical plan ("**Medical Care Plan**"). The liabilities and corresponding annual costs of these defined benefit Pension and Medical Care Plans are determined through annual actuarial calculations by independent actuaries. The most critical risks relating to employee benefit plans accounting often relate to the returns on Pension and Medical Care Plans assets and the discount rate used to assess the present value of future payments. Pension and medical care liabilities can place significant pressure on cash flows, in particular, if any of EDP's funds become underfunded according to local regulations, EDP or its relevant subsidiary may be required to make additional contributions to the funds.

The Pension and Medical Care Plans in Portugal are currently governed by the collective labour agreement entered into in July 2014.

5. ***Risks relating to the structure of an issue of Instruments***

A wide range of Instruments may be issued under the Programme. A number of these Instruments may have features which contain particular risks for potential investors. For further information on the structure of the Instruments, please see "*Terms and Conditions of Senior Instruments*" and "*Terms and Conditions of Subordinated Instruments*".

**The value of Fixed Rate Instruments may be adversely affected by movements in market interest rates.**

Investment in Fixed Rate Instruments involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Instruments, this will adversely affect the value of the Fixed Rate Instruments.

**The value of the Subordinated Instruments may be adversely affected by movements in market interest rates.**

Investment in Subordinated Instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of Subordinated Instruments.

From (and including) the Issue Date to (but excluding) the First Reset Date, the Subordinated Instruments will bear interest at a fixed interest rate. During this period, Holders will be exposed to the risk that the price of the Subordinated Instruments falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). The Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate causes the price of the Subordinated Instruments to change. If the Market Interest Rate increases, the price of the Subordinated Instruments typically falls. If the Market Interest Rate falls, the price of the Subordinated Instruments typically increases. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Subordinated Instruments and can lead to losses for the investors if they sell the Subordinated Instruments.

From (and including) the First Reset Date to (but excluding) the Maturity Date, the Subordinated Instruments will bear interest at a rate that will be reset for each Reset Period (as applicable). As such, the Subordinated Instruments are exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of the Subordinated Instruments in advance for the period from (and including) the First Reset Date to (but excluding) the Maturity Date.

**Instruments which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.**

The market values of securities issued at a substantial discount (such as Zero Coupon Instruments) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

**Risks related to Instruments which are linked to "benchmarks".**

*Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future.*

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or



endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law in the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the UK Financial Conduct Authority (the "**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Instruments linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, amongst other things, have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level of the relevant benchmark.

At this time, it is not possible to predict the effect of any establishment of alternative reference rates or any other reforms to EURIBOR. The establishment of alternative reference rates or changes in the manner of administration of a benchmark could also require adjustments to the terms of benchmark-linked securities and may result in other consequences, such as interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on those securities if the relevant benchmark was available in its current form.

The elimination or reform of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 5.4 (*Benchmark Discontinuation*) of the Senior Instruments and Condition 4.6 (*Benchmark Discontinuation*) of the Subordinated Instruments), or result in adverse consequences to holders of any Instruments linked to such benchmark (including Floating Rate Instruments whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Instruments, the return on the relevant Instruments and the trading market for securities (including the Instruments) based on the same benchmark.

#### *Benchmark Discontinuation*

The Conditions provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, or if the relevant Issuer or the Calculation Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Instruments by reference to such original benchmark under the EU Benchmarks Regulation, UK Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Instruments may not achieve this objective. Any such changes may result in the Instruments performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. In certain circumstances, in the case of Senior Instruments, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used and, in the case of Subordinated Instruments, the last observable Original Reference Rate on the Relevant Screen Page (as defined in the Conditions of the Subordinated Instruments) or otherwise such fallback rate as is provided for in Condition 4.1 (*Interest on Subordinated Instruments*) of the Subordinated Instruments. This may result in the effective application of a fixed rate for floating rate Instruments based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions), the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Instruments. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation or UK Benchmarks Regulation reforms in making any investment decision with respect to any Instruments linked to or referencing a benchmark.

### **The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Instruments**

The use of risk-free rates – including those such as the Sterling Overnight Index Average ("SONIA"), the Secured Overnight Financing Rate ("SOFR") and the euro short-term rate ("€STR"), as reference rates for Eurobonds continues to develop. This relates not only to the substance of the calculation and the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates, but also how widely such rates and methodologies might be adopted.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Instruments that reference risk-free rates issued under this Programme. In the future, Instruments may also be issued referencing SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous Instruments issued under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Instruments that reference a risk-free rate issued under this Programme from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Instruments referencing such risk-free rates.

In particular, investors should be aware that several different methodologies have been used in risk-free rate instruments issued to date. No assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Instruments, will gain widespread market acceptance. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. If the relevant risk-free rates do not prove to be widely used in securities like the Instruments, the trading price of such Instruments linked to such risk-free rates may be lower than those of Instruments referencing indices that are more widely used.

Investors should consider these matters when making their investment decision with respect to any Instruments which reference SONIA, SOFR, €STR or any related indices.

### **Risk-free rates may differ from LIBOR and other inter-bank offered rates in a number of material respects and have a limited history**

Risk-free rates may differ from The London Interbank Offered Rate ("LIBOR") and other inter-bank offered rates in a number of material respects. These include (without limitation) being backwards-looking, in most cases, calculated on a compounded or weighted average basis, risk-free, overnight rates and, in the case of SOFR, secured, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Instruments. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to an unsecured rate. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Instruments may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future. Investors should not rely on historical performance data as an indicator of the future performance of such risk-free rates nor should they rely on any hypothetical data.

Furthermore, interest on Instruments which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Instruments which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Instruments, and some investors may be unable or unwilling to trade such Instruments without changes to their IT systems, both of which could adversely impact the liquidity of such Instruments. Further, in contrast to Instruments linked to interbank offered rates, if Instruments referencing backwards-looking rates become due and payable as a result of an Event of Default under the Conditions or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest Rate payable in respect of such Instruments shall be determined by reference to a shortened period ending immediately prior to the date on which the Instruments become due and payable or are scheduled for redemption.

**The administrator of SONIA, SOFR or €STR or any related indices may make changes that could change the value of SONIA, SOFR or €STR or any related index, or discontinue SONIA, SOFR or €STR or any related index**

The Bank of England, the Federal Reserve, Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and the SONIA Compounded Index), SOFR (and the SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SOFR or €STR, or timing related to the publication of SONIA, SOFR or €STR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR or any related index (in which case a fallback method of determining the interest rate on the Instruments will apply). The administrator has no obligation to consider the interests of Holders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

**In respect of any Instruments issued as green bonds ("Green Bonds"), there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor.**

The Final Terms relating to any specific Tranche of Instruments may provide that it will be the Issuers' intention to apply an amount equal to the net proceeds from an offer of those Instruments specifically for existing or planned investments of EDP Renováveis which support the transition to a low-carbon economy, especially those that help increase the production of renewable energy ("**Eligible Green Projects**"). Prospective investors should determine for themselves the relevance of such information for the purpose of any investment in such Instruments together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuers or the Dealers that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects.

Accordingly, no assurance is or can be given that Eligible Projects will meet investor expectations or requirements regarding "green" or similar labels (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, the so called "EU Taxonomy" or Regulation (EU) 2020/852 as it forms part of domestic law in the UK by virtue of the EUWA) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects.

At the request of EDP, Sustainalytics has issued a second party opinion (the "**Second Party Opinion**") in relation to the Green Bond Framework. The Second Party Opinion is available for viewing on EDP's website (<https://www.edp.com/sites/default/files/2022-03/2022-03-04-Energias%20de%20Portugal%20Green%20Finance%20Framework%20Second%20Party%20Opinion.pdf>). No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion or any other opinion or certification of any third party (whether or not solicited by the Issuers) which may be made available in connection with the issue of any Instruments and in particular with any Eligible Green Projects to fulfil any "green" and/or other criteria. For the avoidance of doubt, the Second Party Opinion is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. The Second Party Opinion is not, nor should be deemed to be, a recommendation by the

Issuers, the Dealers or any other person to buy, sell or hold any such Instruments. The Second Party Opinion is only current as of the date that opinion was initially issued. As at the date of this Base Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of the Second Party Opinion and/or the information contained therein and/or the provider of the Second Party Opinion for the purpose of any investment in such Instruments.

In the event that any such Instruments are listed or admitted to trading on any dedicated "green" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuers, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuers, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Instruments or, if obtained, that any such listing or admission to trading will be maintained during the life of the Instruments.

While it is the intention of the Issuers to apply an amount equal to the net proceeds of any Instruments so specified for Eligible Green Projects in, or substantially in, the manner described in this Base Prospectus, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuers. Any such event or failure by the Issuers will not constitute an Event of Default under the Instruments.

Any such event or failure to apply an amount equal to the net proceeds of any issue of Instruments for any Eligible Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuers are not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Instruments no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Instruments and also potentially the value of any other Instruments which are intended to finance Eligible Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

#### 6. ***Risks relating to certain terms of the Instruments***

For further information on the terms of the Instruments, please see "*Terms and Conditions of Senior Instruments*" and "*Terms and Conditions of Subordinated Instruments*".

**Subordinated Instruments constitute subordinated obligations of EDP and hence the claims of all senior creditors will first have to be satisfied in any winding-up before the Holders may expect to receive from EDP any recovery in respect of their Subordinated Instruments.**

Subordinated Instruments will be subordinated obligations of EDP and will rank *pari passu* with each other in a winding-up of EDP. Upon the occurrence of a winding-up proceeding of EDP, payments on the Subordinated Instruments will be subordinated in right of payment to the prior payment in full of all other liabilities of EDP, except for liabilities which rank equally with, or junior to, the Subordinated Instruments. As such, the Holders may recover proportionately less than the holders of unsubordinated and other subordinated liabilities of EDP and the remedies for holders in any winding-up or insolvency proceeding of EDP may be limited. In particular, in an insolvency proceeding over the assets of EDP, holders of voluntarily subordinated debt such as the Subordinated Instruments, will not have any right to vote in the assembly of creditors, except if the creditors' assembly resolution is on the approval of an insolvency plan. Accordingly, Holders of the Subordinated Instruments should be aware that they will have limited ability to influence the outcome of any insolvency proceeding or a restructuring outside insolvency.

Holders of Subordinated Instruments are advised that unsubordinated liabilities of EDP may also arise out of events that are not reflected on the balance sheet of EDP including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of EDP that in a winding-up of EDP will need to be paid in full before the obligations under the Subordinated Instruments may be satisfied.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Subordinated Instruments will lose all or some of his investment in the case of a winding-up or insolvency proceeding of EDP.

**EDP has the right to defer interest payments on the Subordinated Instruments with a potential adverse effect on the market price of the Subordinated Instruments.**

EDP may, at its discretion, elect to defer, in whole or in part, any payment of interest on the Subordinated Instruments. Any such deferral of interest payments shall not constitute a default for any purpose unless such payments are required to be made in accordance with Condition 4.4 (*Payment of Deferred Interest Payments*) of the Subordinated Instruments and are not so paid when due.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Instruments. In addition, as a result of the interest deferral provision of the Subordinated Instruments, the market price of the Subordinated Instruments may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in EDP financial condition.

While the deferral of interest payments continues, EDP may make payments on any instrument ranking senior to the Subordinated Instruments or on instruments ranking *pari passu* with the Subordinated Instruments in the limited circumstances described in Condition 4.4 (*Payment of Deferred Interest Payments*).

**Subordinated Instruments are typically long-term or undated securities and therefore an investment in Subordinated Instruments could constitute a financial risk for a long period.**

Subordinated Instruments are typically long-term or undated securities. EDP is under no obligation to redeem or repurchase the Subordinated Instruments at any time and the Holders have no right to require redemption of the Subordinated Instrument. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Subordinated Instruments for a long period of time and may not recover their investment in the foreseeable future.

**There are limited remedies available to the holders of Subordinated Instruments in relation to their rights and claims thereunder.**

Holders of not less than one quarter of the aggregate outstanding nominal amount of the Subordinated Instruments will be able to declare the Subordinated Instruments immediately due and payable only if one of the limited Events of Default (as set out in Condition 9 (*Events of Default*) of the Terms and Conditions of the Subordinated Instruments) occurs and is continuing, including in the case of liquidation, winding-up, dissolution or insolvency of the Issuer or default in the payment of principal or interest due and payable under the relevant Series for a period of 30 days. No such event shall constitute an Event of Default if it is being contested in good faith by appropriate means by the Issuer and the Issuer has been advised by recognised independent legal advisers of good repute that it is reasonable to do so.

**The Instruments issued by EDP B.V. and EDP SFE are not guaranteed by EDP, and investors do not have any direct rights to enforce payment on the Instruments against EDP in case of default by EDP B.V. or EDP SFE under the Instruments.**

The Instruments issued by EDP B.V. and EDP SFE are obligations of EDP B.V. and EDP SFE, respectively, not of EDP. EDP has no obligation to pay any amounts due under the Instruments issued by EDP B.V. or EDP SFE.

EDP has entered into a Keep Well Agreement with each of EDP B.V. and EDP SFE, which are not guarantees. Under the Keep Well Agreements, EDP has agreed that, for so long as EDP B.V. or, as the case may be, EDP SFE, has any Instruments outstanding under the Programme, it will make available to EDP

B.V. or EDP SFE funds sufficient to meet its respective payment obligations or repay borrowings then maturing to the extent that EDP B.V.'s or EDP SFE's funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings. Although under the terms of the Keep Well Agreements the Trustee may, on behalf of holders of any Instruments issued by EDP B.V. or EDP SFE under the Programme, enforce EDP B.V.'s and EDP SFE's rights under the relevant Keep Well Agreement against EDP, holders do not have any direct rights against EDP. (See "*Relationship of EDP B.V. and EDP SFE with EDP*" for more information on the Keep Well Agreements).

**If the Issuers have the right to redeem any Instruments at their option, this may limit the market value of the Instruments concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.**

The optional redemption feature could limit the market value of the Instruments. During any period when the Issuers may elect to redeem the Instruments, the market value of the Instruments generally will not rise above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Issuers redeem the Instruments early, the optional redemption amount payable and/or prevailing market rates may not enable an investor to reinvest the redemption proceeds at an effective yield as high as the yield on the Instruments being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**If the Issuers have the right to convert the interest rate on any Instruments from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Instruments concerned.**

Fixed/Floating Rate Instruments may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuers have the right to effect such a conversion, this will affect the secondary market in, and the market value of, the Instruments, since the Issuers may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuers. If the Issuers convert from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Instruments may be less favourable than then prevailing spreads on comparable Floating Rate Instruments tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Instruments. If the Issuers convert from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

**The conditions of the Instruments contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Holders and without regard to the individual interests of particular Holders.**

The Conditions of the Instruments contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

The Conditions of the Instruments also provide that the Trustee may, without the consent of Holders and without regard to the interests of particular Holders: (1) agree to any modification of the Instruments or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders; (2) agree to any modification of the Instruments or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or (3) determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which, in any such case, is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders, in the circumstances described in the Conditions.

Furthermore, the Trustee may, without the consent of the Holders, agree with the relevant Issuer to the substitution in place of such Issuer as the principal debtor under the Instruments and the Trust Deed of another company, being a Subsidiary (as defined in the Conditions) of the relevant Issuer, subject to (a) the Instruments being unconditionally and irrevocably guaranteed by the relevant Issuer or having the benefit of a keep well agreement from EDP on the same basis as that on which they had such benefit immediately prior to the substitution or the substitute Issuer is EDP; (b) the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution; and (c) certain other conditions set out in

the Trust Deed being complied with. See Condition 16 (*Meetings of Holders, Modification, Waiver and Substitution*) of the Senior Instruments and Condition 13 (*Meetings of Holders, Modification, Waiver and Substitution*) of the Subordinated Instruments for more information.

**There is no limitation on issuing senior or *pari passu* securities.**

There is no restriction on the amount of securities or other liabilities which EDP may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Instruments. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a winding-up of EDP and/or may increase the likelihood of a deferral of interest payments under the Subordinated Instruments.

**Investors who hold less than the minimum Specified Denomination may be unable to sell their Instruments and may be adversely affected if definitive Instruments are subsequently required to be issued.**

In relation to any issue of Instruments which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Instruments may be traded in amounts that are not integral multiples of such minimum Specified Denomination (as set out in the applicable Final Terms). In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Instruments at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Instrument in respect of such holding (should definitive Instruments be printed) and would need to purchase a principal amount of Instruments at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Instruments in definitive form are issued, holders should be aware that definitive Instruments which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

**7. *Risks relating to the market for the Instruments***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

**The value of the Instruments could be adversely affected by a change in law or administrative practice.**

Save, with respect to Book Entry Instruments only, for the form (*representação formal*) and transfer of the Instruments, creation of security over the Instruments and the Interbolsa procedures for the exercise of rights under the Book Entry Instruments, which are governed by, and shall be construed in accordance with Portuguese law, the Conditions of the Instruments are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Portuguese law or administrative practice after the date of this Base Prospectus and any such change could materially impact the value of any Instruments affected by it.

**An active secondary market in respect of the Instruments may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Instruments.**

Instruments may have no established trading market when issued, and one may never develop. If a market for the Instruments does develop, it may not be very liquid. Therefore, investors may not be able to sell their Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, liquidity may be limited if the relevant Issuer makes large allocations to a limited number of investors. If a market for the Issuers' Instruments never develops or proves to be illiquid, this may limit the attractiveness of the Issuers' Instruments to investors.

**If an investor holds Instruments which are not denominated in the investor's home currency, such investor will be exposed to movements in exchange rates adversely affecting the value of the holding.**

**In addition, the imposition of exchange controls in relation to any Instruments could result in an investor not receiving payments on those Instruments.**

The Issuers will pay principal and interest on the Instruments in the Specified Currency (as set out in the applicable Final Terms). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Instruments, (2) the Investor's Currency-equivalent value of the principal payable on the Instruments, and (3) the Investor's Currency-equivalent market value of the Instruments. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuers to make payments in respect of the Instruments. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any such exchange rate movements of this nature could impact the level of interest shown by investors in the Issuers' Instruments.

8. ***Risks related to withholding tax***

For further information on the Portuguese and Spanish taxation regimes, please see "*Taxation – Portugal*" and "*Taxation – Spain*".

**Risks relating to Instruments cleared through Clearing Systems**

Under Portuguese law, income derived from the Book Entry Instruments integrated in and held by non-resident investors (both individual and corporate) through: (i) Interbolsa, as management entity of the Portuguese Centralised System (*sistema centralizado, the Central de Valores Mobiliários*); or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal (e.g. Euroclear or Clearstream, Luxembourg); or (iii) a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States; or (iv) other centralised systems not covered above **provided that**, in this last case, the Portuguese government authorises the application of Decree-Law no. 193/2005, of 7 November, as amended ("**Decree-Law no. 193/2005**") are eligible for the debt securities special tax exemption regime, approved by Decree-Law no. 193/2005, which establishes a withholding tax exemption, **provided that** certain procedures and certification requirements are complied with. Failure to comply with these procedures and certifications will result in the application of Portuguese domestic withholding tax.

The Issuers will not gross up payments in respect of any such withholding tax in any of the cases indicated in Condition 8 (*Taxation*) of the Senior Instruments and Condition 7 (*Taxation*) of the Subordinated Instruments, including failure to deliver or incorrect completion regarding the evidence of non-residence status required under Decree-Law no. 193/2005. Accordingly, holders of Book Entry Instruments must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Book Entry Instruments.



## STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF INSTRUMENTS, ONE OR MORE RELEVANT DEALERS ("**THE STABILISATION MANAGER(S)**") (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT INSTRUMENTS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE INSTRUMENTS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF INSTRUMENTS IS MADE AND, IF BEGUN, WILL BE IN COMPLIANCE WITH ALL RELEVANT LAWS AND REGULATIONS AND MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF INSTRUMENTS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF INSTRUMENTS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank shall be incorporated in, and form part of, this Base Prospectus:

- (a) in respect of EDP:
- (i) the audited consolidated annual financial statements for the financial year ended 31 December 2022 and auditor's report thereon, which appear on pages 217 to 381 and 592 to 597 respectively, of EDP's annual report for the year ended 31 December 2022, available at <https://web3.cmvm.pt/sdi/emitentes/docs/20230321160314-000226111-000226-2022-12-31/000226-2022-12-31/reports/000226-2022-12-31.xhtml> (the "**2022 EDP Financial Statements**");
  - (ii) the audited consolidated annual financial statements for the financial year ended 31 December 2021 and auditor's report thereon, which appear on pages 264 to 450 and 474 to 484 respectively, of EDP's annual report for the year ended 31 December 2021, available at <https://web3.cmvm.pt/sdi/emitentes/docs/20220304211852-000226112-000226-2021-12-31/000226-2021-12-31/reports/000226-2021-12-31.xhtml> (the "**2021 EDP Financial Statements**"); and
  - (iii) the unaudited consolidated condensed financial statements for the six-month period ended 30 June 2023 and the auditor's limited review report thereon, which appear on pages 59 to 128 and pages 142 to 143, respectively, available at <https://www.edp.com/sites/default/files/2023-07/Interim%20Report%201st%20Half%202023.pdf> (the "**H1 2023 EDP Financial Statements**");
- (b) in respect of EDP B.V.:
- (i) the audited annual financial statements for the financial year ended 31 December 2022 and the auditor's report thereon which appear on pages 12 to 40 and 42 to 51 of EDP B.V.'s annual report for the year ended 31 December 2022, available at [https://www.edp.com/sites/default/files/2023-05/EDP%20Financa%20BV\\_R%26C%202022\\_Website.pdf](https://www.edp.com/sites/default/files/2023-05/EDP%20Financa%20BV_R%26C%202022_Website.pdf) (the "**2022 EDP B.V. Financial Statements**");
  - (ii) the audited annual financial statements for the financial year ended 31 December 2021 and the auditor's report thereon which appear on pages 11 to 39 and 41 to 51 of EDP B.V.'s annual report for the year ended 31 December 2021, available at <https://www.edp.com/sites/default/files/2022-03/RC%2012.2021%20EDP%20Finance%20BV.pdf> (the "**2021 EDP B.V. Financial Statements**"); and
  - (iii) the unaudited and unreviewed interim financial statements for the six months period ended 30 June 2023 which appear on pages 6 to 12 of EDP B.V.'s 2023 interim report, available at <https://www.edp.com/sites/default/files/2023-08/Finance%20BV%20Interim%20report%202023.pdf>;
- (c) in respect of EDP SFE:
- (i) the audited annual financial statements for the financial year ended 31 December 2022 and the auditor's report thereon which appear on pages 7 to 44 and 2 to 5 of EDP SFE's annual report for the year ended 31 December 2022, available at <https://www.edp.com/sites/default/files/2023-08/EDP%20SFE%20%20Annual%20Report%202022.pdf> (the "**2022 EDP SFE Financial Statements**"); and
  - (ii) the audited annual financial statements for the financial year ended 31 December 2021 and the auditor's report thereon which appear on pages 7 to 43 and 2 to 5 of EDP SFE's annual report for the year ended 31 December 2021, available at <https://www.edp.com/sites/default/files/2023->

[08/EDP%20SFE%20%20Annual%20Report%202021.pdf](#) (the "2021 EDP SFE Financial Statements");

- (d) the terms and conditions of the senior Instruments contained in the base prospectuses dated 17 October 2008, pages 41 to 64 (inclusive), 3 September 2013, pages 72 to 98 (inclusive), 2 September 2014, pages 79 to 104 (inclusive), 2 September 2015, pages 78 to 102 (inclusive), 2 September 2016, pages 72 to 95 (inclusive), 5 September 2017, pages 76 to 101 (inclusive), 5 September 2018, pages 42 to 66 (inclusive), 9 September 2019, pages 42 to 74, 14 September 2020, pages 47 to 79 (inclusive), 13 September 2021, pages 50 to 82 (inclusive) and 13 September 2022, pages 62 to 109 (inclusive); and
- (e) the terms and conditions of the subordinated Instruments contained in the base prospectus dated 13 September 2022, pages 110 to 135 (inclusive).

Each of the documents listed in (d) and (e) above are available on EDP's website, <https://www.edp.com/en>, in the "Bonds" section, accessible through "Investors – Fixed Income".

Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuers and from the specified office of the Paying Agent for the time being in London.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Instruments, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Instruments. The Issuers have undertaken to the Dealers in the Dealership Agreement (as defined in "Subscription and Sale") that they will comply with the relevant Irish listing requirements.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuers and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

## FORM OF FINAL TERMS FOR SENIOR INSTRUMENTS

**[Prohibition of Sales to EEA Retail Investors** – The Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[Prohibition of Sales to UK Retail Investors** – The Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Instruments or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MiFID II Product Governance / Professional Investors and Eligible Counterparties Only Target Market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")/MiFID II]; and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a "distributor") should take into consideration the manufacturer [s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturer [s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR Product Governance / Professional Investors and Eligible Counterparties Only Target Market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Instruments has led to the conclusion that: (i) the target market for the Instruments is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the [EUWA][European Union (Withdrawal) Act 2018]; and (ii) all channels for distribution of the Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Instruments (a "distributor") should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Instruments (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.]

**[Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended, the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Instruments are ["prescribed capital markets products"]/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) of Singapore.]

[Date]

**[EDP – ENERGIAS DE PORTUGAL, S.A./EDP FINANCE B.V./ EDP SERVICIOS  
FINANCIEROS ESPAÑA, S.A.U.]**

Issue of

[Aggregate Nominal Amount of Tranche]  
[Title of Instruments]

**under the €16,000,000,000  
Programme for Issuance of Debt Instruments**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the base prospectus dated 14 September 2023 [and the supplement[s] to the base prospectus dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") (the "**Base Prospectus**"). This document constitutes the Final Terms of the Instruments described for the purpose of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all relevant information.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. N.B. when using a post-1 July 2012 approved Base Prospectus to tap a previous issue under a pre-1 July 2012 approved Base Prospectus, the final terms in the post-1 July 2012 Base Prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base prospectus dated [insert date of prospectus from those listed in "Documents Incorporated by Reference"]. This document constitutes the Final Terms of the Instruments and must be read in conjunction with the base prospectus dated 14 September 2023 [and the supplemental base prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation, save in respect of the Conditions which are set forth in the base prospectus dated [insert date of prospectus from those listed in "Documents Incorporated by Reference"] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Instruments described herein for the purposes of the Prospectus Regulation.]

Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms have been published on the website of the Irish Stock Exchange plc trading as Euronext Dublin (<https://live.euronext.com/>).

*Include whichever of the following apply, or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted. Italics denote directions for completing the Final Terms.*

1. Issuer: [EDP – Energias de Portugal, S.A./EDP Finance B.V./ EDP Servicios Financieros España, S.A.U.]
2. (i) Series Number: [●]
- (ii) Tranche Number: [●]

- (iii) Date on which the Instruments will be consolidated and form a single series: The Instruments will be consolidated and form a single Series with Tranche [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Instrument for interests in the Permanent Global Instrument, as referred to in paragraph 22 below, which is expected to occur on or about [date]] / [Not Applicable]
3. Specified Currency or Currencies: [●]  
*(N.B. Book Entry Instruments may only be denominated in Euro, U.S. dollars, Canadian dollars, sterling, Japanese yen, Swiss francs, Australian dollars, Chinese yuan renminbi, Norwegian krone, Swedish krona or in such other currency as can be settled through Interbolsa.)*
4. Aggregate Nominal Amount:
- (i) Series: [●]
- (ii) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
6. (i) Specified Denominations: [●]  
*(N.B. Instruments must have a minimum denomination of €100,000 (or equivalent))*  
*(N.B. Book-Entry Instruments cannot be issued in integral multiples of a lesser amount than the nominal amount.)*  
*(Note – where multiple denominations above €100,000 or equivalent are being used, the following sample wording should be followed:*  
*"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Instruments in definitive form will be issued with a denomination above €199,000.")*
- (ii) Calculation Amount for Instruments in definitive form (in relation to calculation of interest in relation to Instruments in global form, see the Conditions): [●]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note, there must be a common factor in the case of two or more Specified Denominations.)*

7. (i) Issue Date: [●]
- (ii) Interest Commencement Date (if different from the Issue Date): [specify /Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Instruments, for example Zero Coupon Instruments.)*
8. Maturity Date: [Specify date or for Floating Rate Instruments – Interest Payment Date falling in or nearest to [specify month and year]]
9. Interest Basis: [[●] per cent. Fixed Rate]
- [[specify Reference Rate] +/- [●] per cent. Floating Rate]
- [Zero coupon] (*EDP SFE will not issue zero coupon instruments*)
- (see paragraph [14/15/16] below)
10. Redemption[/Payment] Basis: [Instalment]
- Subject to any purchase and cancellation or early redemption, the Instruments will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 15 below and identify there] [Not Applicable]
12. Put/Call Options: [Investor Put]
- [Investor Put on Change of Control]
- [Issuer Call]
- [Clean-Up Call]
- [Not Applicable]
- [(see paragraph [17/18/19/20] below)]
13. (a) Status of Instruments: [Senior/Dated/Perpetual]
- (b) Date of Board approval for issuance of Instruments obtained: [●]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Instruments)*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. **Fixed Rate Instrument Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate[(s)] of Interest: [●] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [●] in each year up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (iii) Fixed Coupon Amount(s) for Instruments in definitive form (in relation to Instruments in global form, see the Conditions): [●] per Calculation Amount
- (iv) Broken Amount(s) for Instruments in definitive form (in relation to Instruments in global form, see the Conditions): [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / [Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[●] in each year] / [Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
15. **Floating Rate Instrument Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [●] / [, subject to adjustment in accordance with the Business Day Convention set out in (ii) below/, not subject to any adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (iii) Additional Business Centre(s): [●]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issue and Paying Agent): [●] (the "**Calculation Agent**")
- (vi) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [[●] month] [EURIBOR/SONIA/SOFR/€STR/SONIA Compounded Index/SOFR Compounded Index]
  - Observation Method: [Lag / Observation Shift]



- Lag Period: [5 / [●] TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days/Not Applicable]
  - Observation Shift Period: [5/ [●]TARGET Settlement Days/U.S. Government Securities Business Days/London Banking Days /Not Applicable]
- (NB: A minimum of 5 should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent)*
- D: [360/365/[●]] / [Not Applicable]
  - Index Determination [Applicable/Not Applicable]
  - SONIA Compounded Index [Applicable/Not Applicable]
  - SOFR Compounded Index [Applicable/Not Applicable]
  - Relevant Decimal Place [●]/[5] *(unless otherwise specified in the Final Terms, be the fifth decimal place)*
  - Relevant Number of Index Days [●] / [5] *(unless otherwise specified in the Final Terms, the Relevant Number shall be 5)*
  - Interest Determination Date(s): [The [●]/[second] Business Day in the relevant Interest Period]/ *(select where Interest Determination Date has the meaning specified in Condition 5.2(e), 5.2(f) or 5.2(g))* [●] [London Banking Days/U.S. Government Securities Business Days/TARGET Settlement Days] prior to each Interest Payment Date] / [●]
  - Relevant Financial Centre: [●] *[specify the Relevant Financial Centre i.e. Brussels for EURIBOR]*
  - Relevant Screen Page: [●]
- (In the case of EURIBOR, if not Reuters, EURIBOR 01; ensure it is a page which shows a composite rate or amend the fallback provisions appropriately.)*
- (vii) ISDA Determination: [Applicable / Not Applicable]
- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
  - Floating Rate Option: [●]
- (The Floating Rate Option should be selected from one of: CHF-SARON / EUR-EURIBOR-Reuters (if 2006 ISDA Definitions apply) EUR-EURIBOR (if 2021 ISDA Definitions apply) / EUR-EuroSTR / EUR-EuroSTR Compounded Index / GBP SONIA / GBP SONIA Compounded Index / HKD-HONIA / JPY-TONA / USD-SOFR / USD-SOFR Compounded Index (each as defined in the*

ISDA Definitions). These are the options envisaged by the terms and conditions)

- Designated Maturity: [●]  
*(Delegated Maturity will not be relevant where the Floating Rate Option is a risk free rate)*
- Reset Date: [●]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(v)] above and as specified in the ISDA Definitions]  
*(in the case of a EURIBOR based option, the first day of the Interest Period)*
- Compounding [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Compounding Method [Compounding with Lookback  
Lookback: [●]Applicable Business Days  
[Compounding with Observation Period Shift  
Observation Period Shift: [●] Observation Period Shift Business Days  
Observation Period Shift Additional Business Days: [●]/ [Not Applicable]]  
[Compounding with Lockout  
Lockout: [●] Lockout Period Business Days  
Lockout Period Business Days: [●]/[Applicable Business Days]]
- Averaging [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Averaging Method [Averaging with Lookback  
Lookback: [●]/ Applicable Business Days  
[Averaging with Observation Period Shift  
Observation Period Shift: [●]/ Observation Period Shift Business Days  
Observation Period Shift Additional Business Days: [●]/Not Applicable]]  
[Averaging with Lockout  
Lockout: [●]/ Lockout Period Business Days  
Lockout Period Business Days: [●]/[Applicable Business Days]]

- Index Provisions: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
  - Index Method: Compounded Index Method with Observation Period Shift  
 Observation Period Shift: [●] Observation Period Shift Business Days  
 Observation Period Shift Additional Business Days: [[●] / [Not Applicable]]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*]
- (ix) Margin(s): [+/-][●] per cent. per annum
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction: [[Actual/Actual – (ISDA)] [Actual/Actual]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360] [360/360] [Bond Basis]  
 [30E/360] [Eurobond basis]  
 [30E/360 (ISDA)]

**16. Zero Coupon Instrument Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and late payment: [30/360]  
 [Actual/360]  
 [Actual/365]

**PROVISIONS RELATING TO REDEMPTION**

**17. Issuer Call:**

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date: [●]
- (ii) Optional Redemption Amount: [[●] per Calculation Amount] / [Make-Whole Redemption Amount] / [Par]][, subject to paragraph 17(iii) below.]
- [(iii) Make-Whole Redemption Amount: [Applicable] / [Applicable from, and including, [●] to, but excluding the Residual Call Commencement Date. The residual call period is applicable in the period from and including the Residual Call Commencement Date to but excluding [●] (the "**Residual Call Period**"). During the Residual Call Period the Instruments will be redeemed at par.]/[Not Applicable]
- (If Residual Call Period is applicable, the security selected for the purposes of the Selected Reference Bond shall have a tenor up to the Residual Call Commencement Date. If Residual Call Period is not applicable, such security shall have a tenor up to the Maturity Date)*
- (a) Make-Whole Redemption Margin: [●]
- (b) Reference Bond: [[●]/Selected Reference Bond/Not Applicable]
- (c) Residual Call Commencement Date: [●]
- (d) Quotation Time: [●]
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (v) Notice Period (if other than as set out in the Conditions): [Not Applicable/[●]]
18. **Clean-up Call:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Minimum Percentage: [●]
- (ii) Optional Redemption Amount: [●] per Calculation Amount / [Par]
- (iii) Notice Period (if other than as set out in the Conditions): [Not Applicable/[●]]
19. **Investor Put:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date: [●]

- (ii) Optional Redemption Amount of each Instrument: [●] per Calculation Amount
20. **Investor Put on Change of Control:** [Applicable/Not Applicable]
21. **Final Redemption Amount:** [●] per Calculation Amount / [Par]
22. **Early Redemption Amount:** [[●] per Calculation Amount / [Par] / Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS**

23. (i) Form of Instruments: **[Bearer Instruments:**
- [Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for definitive Bearer Instruments and/or Registered Instruments [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Instrument exchangeable for definitive Bearer Instruments and/or Registered Instruments on and after the Exchange Date]
- [Permanent Global Instrument exchangeable for definitive Bearer Instruments and/or Registered Instruments [on 60 days' notice given at any time/only upon an Exchange Event]]]
- [Registered Instruments:**
- [Global Registered Instrument ([●] nominal amount (*specify nominal amount*)) [registered in the name of a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Registered Instruments [on 60 days' notice given at any time/only upon an Exchange Event]]]
- [Book Entry Instruments:**
- (Ensure that this is consistent with the wording in the Provisions relating to the Instruments (other than Book Entry Instruments) while in Global Form section in the Base Prospectus and the Instruments themselves. The 'exchange upon 60 days' notice' option should not be expressed to be applicable if the Specified Denomination in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Instruments which is to be represented on issue by a Temporary Global Instrument exchangeable for Definitive*

*Instruments or by a Permanent Global Instrument exchangeable for Definitive Instruments upon 60 days' notice.])*

- (ii) New Global Note: [Yes/No] [*N.B. Not applicable to Book Entry Instruments*]
  
- 24. Additional Financial Centre(s): [Not Applicable] [*give details*]  
  
*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest to which sub-paragraphs 16(iii) relates)*
  
- 25. Talons for future Coupons or Receipts to be attached to definitive Bearer Instruments: [Yes, as the Instruments have more than 27 coupon payments Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made /No.]
  
- 26. Details relating to Instalment Instruments:
  - (i) Instalment Amount(s): [Not Applicable] [*give details*]
  - (ii) Instalment Date(s): [Not Applicable] [*give details*]

**THIRD PARTY INFORMATION**

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Application for listing and admission to trading: [Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for the Instruments to be admitted to the Official List and to trading on its regulated market.]/ [Not Applicable] (*Instruments issued by EDP SFE should be listed*)
- (ii) Date from which admission is expected to be effective: [●]
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings: [The Instruments to be issued have not been specifically rated.]/[The Instruments to be issued have been assigned the following ratings by:

[Moody's: [●]]

[S&P: [●]]

[Fitch: [●]].

*[For Instruments with a different credit rating to the Issuer, include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business] [*Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

### 4. YIELD

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 5. OPERATIONAL INFORMATION

- (i) Issuer LEI: [529900CLC3WDMGI9VH80] (*insert if the Issuer is EDP*)/

[5299007L43AQDFOW5739] (insert if the Issuer is EDP B.V.) /

[5299003GHAFB78O1NU77] (insert if the Issuer is EDP SFE)

- (ii) ISIN: [•]
- (iii) Common Code: [•]
- [(iv) CFI: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively source from the responsible National Numbering Agency that assigned the ISIN / [•]]
- [(v) FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively source from the responsible National Numbering Agency that assigned the ISIN/ [•]]
- (vi) Any clearing system(s) other than Euroclear, Clearstream Luxembourg and Interbolsa -Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários [Not Applicable] [give name(s)]
- (vii) Names and addresses of additional Paying Agent(s) (if any): [•]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Instruments are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered instruments] and does not necessarily mean that the Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Include this text if the Instruments are intended to be held in a manner which would allow Eurosystem eligibility and are not Book- Entry Instruments]  
  
[Yes. Note that the designation "yes" simply means that the Instruments are intended upon time to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Instruments will be recognised



as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[Include this text if the Instruments are intended to be held in a manner which would allow Eurosystem Eligibility and are Book-Entry Instruments.]*

[No. While the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Instruments are capable of meeting them the Instruments may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] *[include this text for registered instruments]*. Note that this does not necessarily mean that the Instruments will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if the Instruments are not intended to be held in a manner which would allow Eurosystem eligibility at the date of the Final Terms and are not Book-Entry Instruments.]*

[No] [If the Instruments are not intended to be held in a manner which would allow Eurosystem eligibility and are book-entry Instruments.]

**6. DISTRIBUTION**

(i) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]

(ii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Instruments clearly do not constitute "packaged" products or the Instruments do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

(iii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

*(If the Instruments clearly do not constitute "packaged" products or the Instruments do*

*constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

- (iv) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

## 7. EU BENCHMARKS REGULATION

Relevant Benchmark[s]: [Not applicable]

[Applicable: Amounts payable under the Instruments are calculated by reference to [EURIBOR / [●]], which [is/are] provided by [insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark].

[As at the date of these Final Terms, [insert name[s] of the administrator[s]] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority [("ESMA")] pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011)] [(repeat as necessary)]

[As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [name of administrator] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]

## 8. REASONS FOR THE OFFER

Reasons for the offer and use of proceeds: [General Corporate Purposes - See the first paragraph of "Use of Proceeds" in the Base Prospectus]

[Green Bonds – An amount equal to the net proceeds from the issue of the Instruments are intended to be used towards EDP's Eligible Green Projects portfolio. See the second paragraph of "Use of Proceeds" in the Base Prospectus for further details]

[Other- to be specified]

Estimate of net proceeds: [●]

## FORM OF FINAL TERMS FOR SUBORDINATED INSTRUMENTS

**[Prohibition of Sales to EEA Retail Investors –** The Subordinated Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Subordinated Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

**[Prohibition of Sales to UK Retail Investors –** The Subordinated Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law in the UK by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Subordinated Instruments or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

**[MiFID II Product Governance / Professional Investors and Eligible Counterparties Only Target Market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Subordinated Instruments has led to the conclusion that: (i) the target market for the Subordinated Instruments is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")/MiFID II]; and (ii) all channels for distribution of the Subordinated Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Subordinated Instruments (a "distributor") should take into consideration the manufacturer ['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Subordinated Instruments (by either adopting or refining the manufacturer ['s/s'] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR Product Governance / Professional Investors and Eligible Counterparties Only Target Market –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Subordinated Instruments has led to the conclusion that: (i) the target market for the Subordinated Instruments is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the [EUWA][European Union (Withdrawal) Act 2018]; and (ii) all channels for distribution of the Subordinated Instruments to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Subordinated Instruments (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Subordinated Instruments (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[Singapore Securities and Futures Act Product Classification –** Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (as amended, the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Subordinated Instruments are ["prescribed capital markets products"/[capital markets products other than "prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).]

[Date]

**EDP – ENERGIAS DE PORTUGAL, S.A.**

Issue of

[Aggregate Nominal Amount of Tranche]

[Title of Subordinated Instruments]

**under the €16,000,000,000  
Programme for Issuance of Debt Instruments**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the base prospectus dated 14 September 2023 [and the supplement[s] to the base prospectus dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") (the "**Base Prospectus**"). This document constitutes the Final Terms of the Subordinated Instruments described for the purpose of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all relevant information.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the base prospectus dated [insert date of prospectus from those listed in "Documents Incorporated by Reference"]. This document constitutes the Final Terms of the Subordinated Instruments and must be read in conjunction with the base prospectus dated 14 September 2023 [and the supplemental base prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Regulation, save in respect of the Conditions which are set forth in the base prospectus dated [insert date of prospectus from those listed in "Documents Incorporated by Reference"] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Subordinated Instruments described herein for the purposes of the Prospectus Regulation.]

Full information on the Issuer and the offer of the Subordinated Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms have been published on the website of the Irish Stock Exchange plc trading as Euronext Dublin (<https://live.euronext.com>).

*Include whichever of the following apply, or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted. Italics denote directions for completing the Final Terms.*

1. (i) Series Number: [●]
  - (ii) Tranche Number: [●]
  - (iii) Date on which the Subordinated Instruments will be consolidated and form a single series: The Subordinated Instruments will be consolidated and form a single Series with Tranche [identify earlier Tranches] on [insert date/the Issue Date] / [Not Applicable]
2. Specified Currency or Currencies: [●]

*(N.B. Subordinated Instruments may only be denominated in Euro, U.S. dollars, Canadian*

dollars, sterling, Japanese yen, Swiss francs, Australian dollars, Chinese yuan renminbi, Norwegian krone, Swedish krona or in such other currency as can be settled through Interbolsa.)

3. Aggregate Nominal Amount: [•]
- (i) Series: [•]
- (ii) Tranche: [•]
4. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (in the case of fungible issues only, if applicable)
5. Specified Denominations: [•]
- (N.B. Subordinated Instruments must have a minimum denomination of €100,000 (or equivalent))
- (N.B. Subordinated Instruments cannot be issued in integral multiples of a lesser amount than the nominal amount.)
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date (if different from the Issue Date): [specify/Issue Date/Not Applicable]
7. Maturity Date: [Specify date]
8. Interest Basis: Fixed to Reset Rate
- (see paragraph 12 below)
9. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Subordinated Instruments will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
10. Call Options: [Issuer Call]
- [Clean-Up Call]
- [Not Applicable]
- [(see paragraph [14/15] below)]
11. Date of Board approval for issuance of Subordinated Instruments obtained: [•]
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Subordinated Instruments)

#### PROVISIONS RELATING TO INTEREST PAYABLE

12. **Fixed to Reset Rate Instrument Provisions**

- (i) Initial Rate of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Reset Margin: [+/-][●] per cent. per annum  
*(The Reset Margin may be increased from the Second Step-Up Date, if applicable, so this will need to be reflected if applicable)*
- (iii) Change of Control Step-Up Margin: [●] per cent. per annum
- (iv) Second Step-Up Date: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- Earlier Second Step-Up Date: [●]
- Later Second Step-Up Date: [●]
- (v) Interest Payment Date(s): [●] in each year
- (vi) First Reset Date: [●]
- (vii) Anniversary Date(s): [●] [and each corresponding day and month falling [●] years thereafter]
- (viii) Reset Determination Dates: [●]
- (ix) Reset Rate: [[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]
- (x) First Reset Period Fallback: [●]
- (xi) Benchmark Gilt[s]: [●]/[●]/[Not Applicable]
- (xii) Benchmark Frequency: [●]
- (xiii) CMT Designated Maturity: [●]
- (xiv) CMT Rate Screen Page: [●]
- (xv) Swap Rate Period: [[●]/Not Applicable]
- (xvi) Relevant Screen Page: [●] / [Not Applicable]
- (xvii) Fixed Leg: [[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
- (xviii) Floating Leg: [[3]/[6]/[●]-month] [EURIBOR]/ [●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
- (xix) Day Count Fraction: [30/360] [Actual/Actual (ICMA)] [Actual/365] [Actual/Actual (ISDA)]
- (xx) Determination Date(s): [[●] in each year] / [Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date)*

or maturity date in the case of a long or short first or last coupon)

- (xxi) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issue and Paying Agent): [●] (the "Calculation Agent")

#### PROVISIONS RELATING TO REDEMPTION

14. **Issuer Call:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date: [●]
- (ii) Optional Redemption Amount: [[●] per Calculation Amount] / [Make-Whole Redemption Amount] / [Par]], subject to paragraph 14(iii) below.]
- [(iii) Make-Whole Redemption Amount: [Applicable] / [Applicable from, and including, [●] to, but excluding the Residual Call Commencement Date.] / [Not Applicable]
- (a) Make-Whole Redemption Margin: [●]
- (b) Reference Bond: [[●]/Selected Reference Bond/Not Applicable]
- (c) Residual Call Commencement Date: [●]
- (d) Quotation Time: [●]
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (v) Notice Period (if other than as set out in the Conditions): [Not Applicable/[●]]
15. **Clean-up Call:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Minimum Percentage: [●]
- (ii) Optional Redemption Amount: [●] per Calculation Amount / [Par]
- (iii) Notice Period (if other than as set out in the Conditions): [Not Applicable/[●]]
16. **Redemption upon a Change of Control:**
- (i) Rated Securities: [Not Applicable/[●]]

(ii) Early Redemption Amount  $[[\bullet]]$  per Calculation Amount / [Par]  
(Change of Control):

17. **Redemption for tax reasons:**

Early Redemption Amount (Additional  $[\bullet]$  per Calculation Amount / [Par]  
Amounts):

18. **Redemption due to a Tax Event, a  
Rating Agency Event or an Accounting  
Event:**

Early Redemption Amount (Tax, Rating  $[[\bullet]]$  per Calculation Amount / [Par]  
Agency or Accounting):

19. **Redemption upon an Event of Default:**

Early Redemption Amount (Event of  $[[\bullet]]$  per Calculation Amount / [Par]  
Default):

20. **Final Redemption Amount:**  $[\bullet]$  per Calculation Amount / [Par]

**GENERAL PROVISIONS APPLICABLE TO THE SUBORDINATED INSTRUMENTS**

21. Additional Financial Centre(s): [Not Applicable] [*give details*]

**THIRD PARTY INFORMATION**

$[[\bullet]]$  has been extracted from  $[\bullet]$ . The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by  $[\bullet]$ , no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Application for listing and admission to trading: [Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin for the Subordinated Instruments to be admitted to the Official List and to trading on its regulated market.]/[Not Applicable]
- (ii) Date from which admission is expected to be effective: [●]
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings: [The Subordinated Instruments to be issued have not been specifically rated.]/[The Subordinated Instruments to be issued have been assigned the following ratings by:

[Moody's: [●]]

[S&P: [●]]

[Fitch: [●]].

*[For Subordinated Instruments with a different credit rating to the Issuer, include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### 3. REPLACEMENT INTENTION

[The Issuer intends (without thereby assuming a legal obligation), during the period from and including the Issue Date to but excluding the Second Step-Up Date, that in the event of a redemption of these Subordinated Instruments at the Issuer's option pursuant to Condition 4.2 or a repurchase of these Subordinated Instruments, it will redeem or repurchase these Subordinated Instruments only to the extent the Aggregate Equity Credit of the Subordinated Instruments to be redeemed or repurchased does not exceed the Aggregate Equity Credit received by the Issuer or any Subsidiary from the sale or issuance by the Issuer or the relevant Subsidiary to third party purchasers (other than group entities of the Issuer) of replacement securities (but taking into account any changes in the assessment criteria under Standard & Poor's hybrid capital methodology or the interpretation thereof since the issuance of the Subordinated Instruments) (the "**Restrictions**").

The intention described above does not apply:

- (i) if, on the date of such redemption or repurchase, the rating assigned by Standard & Poor's to the Issuer is the same as or higher than the long-term corporate credit rating assigned to the Issuer on the date when the Issuer's most recent additional hybrid security was issued (excluding refinancings) and the Issuer is of the view that such rating would not fall below such level as a result of such redemption or repurchase; or
- (ii) if, on the date of such redemption or repurchase, the Issuer no longer has a corporate issuer credit rating by Standard & Poor's; or
- (iii) in the case of a redemption or a repurchase of the Subordinated Instruments if such redemption or repurchase, taken together with other redemptions or repurchases of

hybrid securities of the Issuer, is of less than (x) 10 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid securities in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Issuer's outstanding hybrid securities in any period of 10 consecutive years, provided that in each case such redemption or repurchase has no materially negative effect on the Issuer's credit profile; or

- (iv) if, on the date of such redemption or repurchase, the statements made in the Restrictions set forth above are no longer required for the Subordinated Instruments to be assigned an "equity credit" by Standard & Poor's that is equal to or greater than the "equity credit" assigned by Standard & Poor's on the Issue Date; or
- (v) if such replacement would cause the Issuer's outstanding hybrid capital which is assigned "equity credit" by Standard & Poor's to exceed the maximum aggregate principal amount of hybrid capital which Standard & Poor's, under its then prevailing methodology, would assign "equity credit" based on the Issuer's adjusted total capitalisation.

For the purpose of the Restrictions, Aggregate Equity Credit means (x) in relation to the Subordinated Instruments, the part of the aggregate Principal Amount of the Subordinated Instruments that was assigned "equity credit" by Standard & Poor's at the time of their issuance; and (y) in relation to replacement securities, the part of the net proceeds received from issuance of such replacement securities that was assigned "equity credit" by Standard & Poor's at the time of their sale or issuance (or the "equity credit" Standard & Poor's has confirmed will be assigned by it upon expiry or waiver of issuer call rights which prevent the assignment of "equity credit" by Standard & Poor's on the issue date of such replacement securities).]

#### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as the Issuer is aware, no person involved in the issue of the Subordinated Instruments has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business] [*Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]*

#### 5. YIELD

Indication of yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### 6. OPERATIONAL INFORMATION

(i) Issuer LEI: 529900CLC3WDMGI9VH80

(ii) ISIN: [●]

(iii) Common Code: [●]

[(iv) CFI: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively source from the responsible National Numbering Agency that assigned the ISIN/[●]]

- [(v) FISN: [See the website of the Association of National Numbering Agencies (ANNA) or alternatively source from the responsible National Numbering Agency that assigned the ISIN / [●]]
- (vi) Any clearing system(s) other than Euroclear, Clearstream Luxembourg and Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários [Not Applicable] [give name(s)]
- (vii) Names and addresses of additional Paying Agent(s) (if any): [●]
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Subordinated Instruments are intended upon time to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Subordinated Instruments will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [Include this text if the Subordinated Instruments are intended to be held in a manner which would allow Eurosystem Eligibility.]
- [No] [Include this text if the Subordinated Instruments are not intended to be held in a manner which would allow Eurosystem eligibility.]

## 7. DISTRIBUTION

- (i) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA not applicable]
- (ii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Subordinated Instruments clearly do not constitute "packaged" products or the Subordinated Instruments do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Subordinated Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

- (iii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

*(If the Subordinated Instruments clearly do not constitute "packaged" products or the Instruments do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Subordinated Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

- (iv) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*

## 8. EU BENCHMARKS REGULATION

Relevant Benchmark[s]: [Not applicable]

[Applicable: Amounts payable under the Instruments are calculated by reference to [EURIBOR / [●]], which [is/are] provided by [insert name[s] of the administrator[s] – if more than one specify in relation to each relevant benchmark].

[As at the date of these Final Terms, [insert name[s] of the administrator[s]] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ["ESMA"] pursuant to article 36 of the Benchmarks Regulation (Regulation (EU) 2016/1011) [(repeat as necessary)]]

[As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [name of administrator] is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence)]

## 9. REASONS FOR THE OFFER

Reasons for the offer and use of proceeds: [General Corporate Purposes - See the first paragraph of "Use of Proceeds" in the Base Prospectus]

[Green Bonds – An amount equal to the net proceeds from the issue of the Subordinated Instruments is intended to be used towards EDP's Eligible Green Projects portfolio. See the second paragraph of "Use of Proceeds" in the Base Prospectus for further details]

[Other- to be specified]

Estimate of net proceeds:

[•]

## TERMS AND CONDITIONS OF SENIOR INSTRUMENTS

*The following are the Terms and Conditions of Senior Instruments which as supplemented, modified or replaced in relation to any Senior Instruments, will be applicable to each Series of Senior Instruments. Certain provisions relating to Senior Instruments while in global form, and certain modifications of these Terms and Conditions applicable to Senior Instruments while in global form, are described in the section entitled "Provisions relating to the Instruments while in Global Form".*

This Instrument is one of a Series (as defined below) of Instruments issued by an Issuer (the "**Issuer**") which will be, as specified in the Final Terms (as defined below), either EDP – Energias de Portugal, S.A. ("**EDP**"), EDP Finance B.V. ("**EDP B.V.**") or EDP Servicios Financieros España, S.A.U. ("**EDP SFE**") and (except in the case of Instruments issued by EDP in book-entry form ("**Book Entry Instruments**") constituted by a Trust Deed dated 14 March 2001 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") most recently amended and restated on or around 14 September 2023 made between EDP, EDP B.V., EDP SFE and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee). Book Entry Instruments are integrated in the Interbolsa book-entry system and governed by these conditions, certain provisions of the Trust Deed as provided therein and a deed poll given by EDP in favour of the holders of Book Entry Instruments dated on or around 14 September 2023 (the "**Interbolsa Instrument**").

References herein to the "**Instruments**" shall be references to the Instruments of this Series. As used herein, "**Tranche**" means Instruments which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Instruments together with any further Tranche or Tranches of Instruments which are (1) expressed to be consolidated and form a single series and (2) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Instruments, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Issue and Paying Agency Agreement (such Amended and Restated Issue and Paying Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 14 September 2023 and made between EDP, EDP B.V., EDP SFE, Deutsche Bank AG, London Branch as issue and principal paying agent and agent bank (the "**Issue and Paying Agent**", which expression shall include any successor agent), Deutsche Bank Luxembourg S.A. as registrar in respect of Instruments in registered form (the "**Registrar**" which expression shall include any successor registrar) and the Trustee. Unless the context otherwise requires, the Issue and Paying Agent together with any additional or successor paying agents shall be referred to as the "**Paying Agents**". In the case of Book Entry Instruments, Deutsche Bank Aktiengesellschaft – Sucursal em Portugal will be the paying agent in Portugal (the "**Portuguese Paying Agent**").

References to the "**Final Terms**" are, unless otherwise stated, to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Instrument.

In respect of Instruments issued by EDP B.V., EDP B.V. has the benefit of a keep well agreement (the "**EDP B.V. Keep Well Agreement**") dated 14 March 2001 between EDP and EDP B.V. In respect of Instruments issued by EDP SFE, EDP SFE has the benefit of a keep well agreement dated 14 September 2023 between EDP and EDP SFE (the "**EDP SFE Keep Well Agreement**" and, together with the EDP B.V. Keep Well Agreement, the "**Keep Well Agreements**" and each a "**Keep Well Agreement**").

Subject as provided in the Interbolsa Instrument the Trustee acts for the benefit of the Holders (as defined below) for the time being of the Instrument, of the Receipts (as defined below) of the Coupons (as defined below) (which expression shall, unless the context otherwise requires, include the holders of the Talons (as defined below)), and in the case of Book Entry Instruments, the persons shown in the individual securities accounts held with an Affiliate Member of Interbolsa (defined below) (the "**Book Entry Instrumentholders**", and, together with the holders of Instruments other than Book Entry Instruments, the "**Holders**", which expression shall, in relation to any Instruments represented by a Global Instrument, be construed as provided below) all in accordance with the provisions of the Trust Deed. "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depositary banks appointed by Euroclear Bank SA/NV ("**Euroclear Bank**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for the purpose of holding such accounts with Interbolsa on behalf of Euroclear Bank and Clearstream, Luxembourg.

Copies of the Trust Deed, the Agency Agreement, the Interbolsa Instrument and the Keep Well Agreements are (i) available for inspection or collection during normal business hours at the registered office for the time being of the Trustee (being, as at 14 September 2023 at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Holder following their prior written request to the Trustee or any Paying Agents and provision of proof of holding and identity (in a form satisfactory to the Trustee or the relevant Paying Agent, as the case may be). If the Instruments are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") the Final Terms will be published on the websites of Euronext Dublin (<https://live.euronext.com/>). The Holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement, the relevant Keep Well Agreement and the Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed or, in the case of Book Entry Instruments, the Interbolsa Instrument and those provisions of the Trust Deed applicable to them.

Words and expressions defined in the Trust Deed, the Interbolsa Instrument or the Agency Agreement or used in the Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the Final Terms, the Final Terms will prevail.

1. **Form and Denomination**

*Instruments other than Book Entry Instruments*

- 1.1 *Form:* Instruments are issued in bearer form ("**Bearer Instruments**") or in registered form ("**Registered Instruments**"), as specified in the Final Terms and are serially numbered. Registered Instruments are not exchangeable for Bearer Instruments.
- 1.2 *Coupons and Talons:* Interest-bearing Bearer Instruments have attached thereto, at the time of their initial delivery, coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, if so specified in the Final Terms, such Instruments have attached thereto, at the time of their initial delivery, a talon ("**Talon**") for further coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.
- 1.3 *Interest Basis:* This Instrument may be a Fixed Rate Instrument, a Floating Rate Instrument or a Zero Coupon Instrument, or a combination of any of the foregoing, depending upon the Interest Basis shown in the Final Terms.
- 1.4 *Redemption/Payment Basis:* This Instrument may be an Instalment Instrument, depending on the Redemption/Payment Basis shown in the Final Terms.
- 1.5 *Instalment Instruments:* Bearer Instruments, the principal amount of which is repayable by instalments ("**Instalment Instruments**") have attached thereto, at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.
- 1.6 *Denomination of Bearer Instruments:* Bearer Instruments are in the Specified Denomination or Denominations (each of which denominations is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Instruments of one denomination may not be exchanged for Bearer Instruments of any other denomination.
- 1.7 *Specified Denomination of Registered Instruments:* Registered Instruments are in the minimum Specified Denomination specified in the Final Terms or integral multiples thereof.
- 1.8 *Currency of Instruments:* The Instruments are denominated in such Specified Currency as may be specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

*Book Entry Instruments*

- 1.9 *Form:* The Book Entry Instruments are issued in dematerialised book-entry form (*forma escritural*) and are *nominativas* (in which case Interbolsa, at the request of the Issuer, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Holders and transmit such information to the Issuer).
- 1.10 *Registration:* The Book Entry Instruments will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**") as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**"). Each person shown in the individual securities accounts held with an Affiliate Member of Interbolsa as having an interest in the Instruments shall be considered the holder of the principal amount of Instruments recorded except as otherwise required by law. One or more certificates in relation to the Book Entry Instruments (each a "**Certificate**") will be delivered by the relevant Affiliate Member of Interbolsa in respect of its holding of Instruments upon the request by the relevant Instrument holder and in accordance with that Affiliate Member of Interbolsa's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*), as amended from time to time, including by Law no. 99-A/2021, 31 December 2021.
- 1.11 *Interest Basis:* Each Book Entry Instrument may be a Fixed Rate Instrument, a Floating Rate Instrument, a Zero Coupon Instrument or a combination of any of the foregoing, depending upon the Interest Basis shown in the Final Terms.
- 1.12 *Redemption/Payment Basis:* Each Book Entry Instrument may be an Instalment Instrument, depending on the Redemption/Payment Basis shown in the Final Terms.
- 1.13 *Denomination of Book Entry Instruments:* Book Entry Instruments are in the Specified Denomination or Denominations specified in the Final Terms. Book Entry Instruments of one denomination may not be exchanged for Book Entry Instruments of any other denomination.
- 1.14 *Currency of Instruments:* The Book Entry Instruments will be denominated in Euro or in such other currency as can be settled through Interbolsa, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In these Conditions, "**Book Entry Instrumentholder**" and "**holder**" for the purposes of Book Entry Instruments means the person in whose name a Book Entry Instrument is registered in the relevant individual securities accounts held with an Affiliate Member of Interbolsa.

## 2. **Title and Transfer**

- 2.1 *Title to Bearer Instruments:* Title to Bearer Instruments, Receipts and Coupons passes by delivery. References herein to the "**Holders**" of Bearer Instruments or of Receipts or Coupons are to the bearers of such Bearer Instruments or such Receipts or Coupons.
- 2.2 *Title to Registered Instruments:* Title to Registered Instruments passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the "**Holders**" of Registered Instruments are to the persons in whose names such Registered Instruments are so registered in the relevant register.
- 2.3 *Holder as Owner:* The Holder of any Bearer Instrument, Coupon or Registered Instrument will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.
- 2.4 *Transfer of Registered Instruments:* A Registered Instrument may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (**provided that** such part is, or is an integral multiple of, the minimum Specified Denomination) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any other Paying Agent. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.



- 2.5 *Exchange of Bearer Instruments:* If so specified in the Final Terms, the Holder of Bearer Instruments may exchange the same for the same aggregate nominal amount of Registered Instruments upon the terms and subject to the conditions set forth in the Agency Agreement. In order to exchange a Bearer Instrument for a Registered Instrument, the Holder thereof shall surrender such Bearer Instrument at the specified office outside the United States of the Registrar or of any other Paying Agent together with a written request for the exchange. Each Bearer Instrument so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 2.6 (*New Registered Instruments*)) where the exchange date would, but for the provisions of Condition 2.6 (*New Registered Instruments*), occur between the Record Date (as defined in Condition 6.4 (*Registered Instruments*)) for such payment of interest and the date on which such payment of interest falls due.
- 2.6 *New Registered Instruments:* Each new Registered Instrument to be issued upon the transfer of a Registered Instrument or the exchange of a Bearer Instrument for a Registered Instrument will, within five Relevant Banking Days of the transfer date or, as the case may be, the exchange date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or another Paying Agent after the Record Date in respect of any payment due in respect of Registered Instruments shall be deemed not to be effectively received by the Registrar or such other Paying Agent until the day following the due date for such payment. For the purposes of these Terms and Conditions:
- (a) **"Relevant Banking Day"** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Instrument for a Registered Instrument where such request for exchange is made to another Paying Agent, in the place where the specified office of such Paying Agent is located;
  - (b) the **"exchange date"** shall be the Relevant Banking Day following the day on which the relevant Bearer Instrument shall have been surrendered for exchange in accordance with Condition 2.5 (*Exchange of Bearer Instruments*); and
  - (c) the **"transfer date"** shall be the Relevant Banking Day following the day on which the relevant Registered Instrument shall have been surrendered for transfer in accordance with Condition 2.4 (*Transfer of Registered Instruments*).
- 2.7 *No Charges upon Transfer or Exchange:* The issue of new Registered Instruments on transfer or on the exchange of Bearer Instruments for Registered Instruments will be effected without charge by or on behalf of the Issuer, the Registrar or any other Paying Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Registrar or such other Paying Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.
- 2.8 *Transfer of Book Entry Instruments:* Title to the Book Entry Instruments passes upon registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa. Any Book Entry Instrumentholder will (except as otherwise required by law) be treated as its absolute owner for all purposes and no person will be liable for so treating the Book Entry Instrumentholder. No Holder will be able to transfer Senior Instruments or any interest therein, except in accordance with Portuguese laws and regulations.
3. **Status of the Instruments**
- The Instruments and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding.

#### 4. **Negative Pledge**

So long as any of the Instruments remains outstanding (as defined in the Trust Deed), neither the Issuer nor, if EDP B.V. or EDP SFE is the Issuer, EDP will create or, save only by operation of law, have outstanding any mortgage, lien, pledge or other charge (each a "**Security Interest**") other than any Permitted Security (as defined below) upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital) to secure any Loan Stock of any Person or to secure any obligation of any Person under any guarantee of or indemnity or purchase of indebtedness undertaking in respect of any Loan Stock of any other Person without at the same time or prior thereto at the option of the Issuer or, if the Issuer is EDP B.V. or EDP SFE, EDP either (1) securing the Instruments or securing EDP's obligations under the relevant Keep Well Agreement in each case equally and rateably with such Loan Stock, guarantee, indemnity or purchase of indebtedness undertaking to the satisfaction of the Trustee or (2) providing such other security for or other arrangement in respect of the Instruments or EDP's obligations under the relevant Keep Well Agreement as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Holders or which shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders.

For the purposes of these Terms and Conditions:

**"Loan Stock"** means indebtedness (other than the Instruments) having an original maturity of more than one year which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which for the time being are, or are intended to be with the consent of the issuer thereof, quoted, listed, ordinarily dealt in or traded on any stock exchange and/or quotation system or by any listing authority or other established securities market other than any such indebtedness where the majority thereof is initially placed with investors domiciled in Portugal and who purchase such indebtedness in Portugal.

**"Permitted Security"** means:

- (i) in the case of a consolidation or merger of EDP with or into another company (the "**Combining Company**") any Security Interest over assets of EDP if it is the surviving company or the company (if other than EDP) surviving or formed by such consolidation or merger **provided that:** (1) such Security Interest was created by the Combining Company over assets owned by it; (2) such Security Interest is existing at the time of such consolidation or merger; (3) such Security Interest was not created in contemplation of such consolidation or merger; and (4) the amount secured by such Security Interest is not increased thereafter; or
- (ii) any Security Interest on or with respect to assets (including but not limited to receivables) of the Issuer or, if EDP B.V. or EDP SFE is the Issuer, EDP which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security Interest or the indebtedness in respect of any guarantee or indemnity which is secured by such Security Interest is limited to the value of such assets; or
- (iii) any Security Interest securing any indebtedness incurred in relation to any asset for the purpose of financing the whole or any part of the acquisition, creation, construction, improvement or development of such asset where the financial institutions to whom such indebtedness is owed have recourse solely to the applicable project borrower (where such project borrower is formed solely or principally for the purpose of the relevant project) and/or such asset (or any derivative asset thereof) and/or the shares held in such project borrower.

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state, agency of a state or other entity, whether or not having separate legal personality.

5. **Interest**

The Final Terms will indicate whether the Instruments are Fixed Rate Instruments, Floating Rate Instruments or Zero Coupon Instruments.

5.1 *Interest on Fixed Rate Instruments*

Each Fixed Rate Instrument bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date. For so long as any of the Fixed Rate Instruments is represented by a Global Instrument interest will be calculated on the aggregate outstanding nominal amount of the Fixed Rate Instruments represented by such Global Instrument. In respect of each definitive Fixed Rate Instrument, interest will be calculated on its outstanding nominal amount. Interest on Fixed Rate Instruments which are Book Entry Instruments will be calculated on the full outstanding nominal amount of the Fixed Rate Instruments and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Book Entry Instrumentholders in accordance with Interbolsa's usual rules and operating procedures.

If Instruments are in definitive form, except as provided in the Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the Final Terms, amount to the Broken Amount so specified.

Except in the case of Instruments in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Instruments which are (i) represented by a Global Instrument or (ii) Registered Instruments in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Instruments represented by such Global Instrument or (B) such Registered Instrument; or
- (B) in the case of Fixed Rate Instruments which are Bearer Instruments in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Instruments which are Registered Instruments in definitive form or the Calculation Amount in the case of Fixed Rate Instruments which are Bearer Instruments in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Instrument which is a Bearer Instrument in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Instrument shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Fixed Interest Period:

- (i) if **"Actual/Actual (ICMA)"** is specified in the Final Terms:
  - (a) in the case of Instruments where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the

- number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; or
- (b) in the case of Instruments where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
- (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "**30/360**" is specified in the Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and
- (iii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is specified in the Final Terms, the actual number of days in the Fixed Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Interest Period falling in a non-leap year divided by 365).

In these Conditions:

**"Determination Period"** means the period from and including a Determination Date to but excluding the next Determination Date;

**"Fixed Interest Period"** means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date; and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

## 5.2 *Interest on Floating Rate Instruments*

- (a) *Interest Payment Dates:* Each Floating Rate Instrument bears interest from and including the Interest Commencement Date and such interest will be payable in arrear on either:
- (i) the Specified Interest Payment Date(s) (each an "**Interest Payment Date**") in each year specified in the Final Terms; or
  - (ii) if no Specified Interest Payment Date(s) is/are specified in the Final Terms, each date (each an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, "**Interest Period**" means the period from and including an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date or the relevant payment date if the Instruments become payable on a date other than an Interest Payment Date. For so long as any of the Floating Rate Instruments is represented by a Global Instrument held on behalf of Clearstream, Luxembourg and/or Euroclear Bank, interest will be calculated on the aggregate outstanding nominal amount

of the Instruments represented by such Global Instrument. In respect of each definitive Floating Rate Instrument, interest will be calculated on its outstanding nominal amount. Interest on Floating Rate Instruments which are Book Entry Instruments will be calculated on the full outstanding nominal amount of the Floating Rate Instruments will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Instrumentholders in accordance with Interbolsa's usual rules and operating procedures.

If a Business Day Convention is specified in the Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(i) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the Final Terms; and
  - (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (2) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem or any successor system ("**T2**") is open.
- (b) *Rate of Interest:* The Rate of Interest payable from time to time in respect of Floating Rate Instruments will be determined in the manner specified in the Final Terms (which shall specify whether ISDA Determination or Screen Rate Determination is applicable).
  - (c) *ISDA Determination for Floating Rate Instruments:* Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined,

the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this Condition 5.2(c), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Issue and Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions) for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) if the Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions:
  - (A) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (B) the Designated Maturity (as defined in the ISDA Definitions), if applicable, is a period specified in the relevant Final Terms;
  - (C) the relevant Reset Date (as defined in the ISDA Definitions), unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions;
  - (D) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Compounding is specified to be applicable in the relevant Final Terms and:
    - (1) if Compounding with Lookback is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms;
    - (2) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
    - (3) if Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
  - (E) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the ISDA Definitions), Averaging is specified to be applicable in the relevant Final Terms and:
    - (1) if Averaging with Lookback is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days (as defined in the ISDA Definitions) specified in relevant Final Terms;

- (2) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Overnight Period Shift is the Overnight Rate Averaging Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
  - (3) if Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms; and
- (F) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift (as defined in the ISDA Definitions) shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms;
- (ii) references in the ISDA Definitions to:
- (A) "**Confirmation**" shall be references to the relevant Final Terms;
  - (B) "**Calculation Period**" shall be references to the relevant Interest Period;
  - (C) "**Termination Date**" shall be references to the Maturity Date;
  - (D) "**Effective Date**" shall be references to the Interest Commencement Date; and
- (iii) if the Final Terms specify "**2021 ISDA Definitions**" as being applicable:
- (A) "Administrator/Benchmark Event" (as defined in the 2021 ISDA Definitions) shall be disappplied; and
  - (B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

For the purposes of this Condition 5(c):

**"2006 ISDA Definitions"** means, in relation to a Series of Instruments, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Instruments of such Series) as published by ISDA (copies of which may be obtained from ISDA at [www.isda.org](http://www.isda.org));

**"2021 ISDA Definitions"** means, in relation to a Series of Instruments, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest

Rate Derivatives Definitions) as at the date of issue of the first Tranche of Instruments of such Series, as published by ISDA on its website ([www.isda.org](http://www.isda.org)); and

**"ISDA Definitions"** has the meaning given in the relevant Final Terms.

- (iv) For the avoidance of doubt, but not withstanding anything to the contrary in these Conditions, any requirement under the ISDA Definitions for the Calculation Agent (as defined therein): (a) to give notice of a determination made by it to any other party will be deemed to be a requirement for the Calculation Agent (as defined in these Conditions) to provide an equivalent notice to the relevant Issuer; and (b) to consult with the other party or the parties will be deemed to be a requirement to consult with the relevant Issuer and such consultation is required only when the Calculation Agent determines in good faith that it is necessary. Any such notice or (if deemed to be necessary by the Calculation Agent as foreshadowed) consultation may be given or carried out orally or in writing (including by electronic mail or communications). In addition the right of any party under the ISDA Definitions to require the Calculation Agent to take any action or fulfil any responsibility will be deemed to be solely the right of the relevant Issuer to require this of the Calculation Agent in its discretion and no Holder will have any right to require the Issuer to do this.

If the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the above provisions, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the sum of the Margin (if applicable) and the rate or (as the case may be) the arithmetic mean last determined in relation to the Instruments in respect of the immediately preceding Interest Period. If any adjustment, fallback, modification, correction or replacement of a Rate of Interest applies pursuant to the ISDA Definitions or the reference interest rate swap transaction thereunder then, in relation thereto, the Calculation Agent may but shall not be required to take into account any such adjustment, fall back, modification, correction or replacement (including by reference to any hedging arrangements for the relevant Series of Instruments) and make any related or consequential changes to these Conditions (including without limitation any technical, administrative or operational changes, changes to the definition of "Interest Period", timing and frequency of determining of rates and making payments of interest and changes to the definition of Designated Maturity) that the Calculation Agent determines to be appropriate in a manner substantially consistent with market practice (or, if the Calculation Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Calculation Agent determines that no appropriate market practice exists, in such other manner as the Calculation Agent determines is reasonably necessary).

The Issuer and the Calculation Agent will have the right to make such related or consequential changes to these Conditions from time to time, without any requirement for the consent or approval of the Trustee or Holders.

Any determination, decision or election that may be made by the Issuer and the Calculation Agent pursuant to this section:

- (i) will be conclusive and binding absent manifest error; and
- (ii) notwithstanding anything to the contrary in the documentation relating to the Instruments, shall become effective without consent from the holders of the Instruments, the Trustee or any other party.

The Trustee and the Issue and Paying Agent shall, at the request and expense of EDP and without the requirement for any consent or approval of the Holders, concur with EDP, EDP B.V. and EDP SFE in effecting any related or consequential changes as may be required in order to give effect to this Condition 5.2(c)(iv) subject to receipt by the Trustee of the certificate referred to below,



*provided however*, that neither the Trustee, the Calculation Agent nor the Issue and Paying Agent shall be obliged so to concur if in the reasonable opinion of the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) doing so would have the effect of (i) exposing the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) imposing more onerous obligations upon the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) or expose them to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions in these Conditions, the Agency Agreement or the Trust Deed.

Notice of any related or consequential changes under this Condition 5.2(c)(iv) will be notified promptly by the Issuer to the Trustee and the Paying Agents and, in accordance with Condition 15 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the changes, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two of its Directors:

- (A) confirming related or consequential changes as determined in accordance with the provisions of this Condition 5.2(c)(iv); and
- (B) certifying that the relevant related or consequential changes are necessary.

The Trustee shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

- (d) *Screen Rate Determination for Floating Rate Instruments*: Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be (other than in respect of Instruments for which SONIA, SOFR and/or €STR or any related index is specified as the Reference Rate in the relevant Final Terms), subject as provided below, either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Issue and Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issue and Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at 11.00 a.m. (Relevant Financial Centre time), EDP and/or the Determination Agent, as applicable, shall request each of the Reference Banks, as applicable, to provide them with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question. If two or more of the Reference Banks provide EDP or the Determination Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered

quotations plus or minus (as appropriate) the Margin (if any), all as determined by the EDP or the Determination Agent, as applicable and notified to the Issue and Paying Agent, **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of these Conditions, "**Reference Rate**" means EURIBOR, SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index, €STR or any other applicable benchmark as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms. Other than in the case of U.S. dollar-denominated floating rate Instruments for which the "Reference Rate" is specified in the relevant Final Terms as being SOFR, the term Reference Rate shall, following the occurrence of a Benchmark Event under Condition 5.4 (*Benchmark Discontinuation (Independent Adviser)*), include any Successor Rate or Alternative Rate and shall, if a Benchmark Event should occur subsequently in respect of any such Successor Rate or Alternative Rate, also include any further Successor Rate or further Alternative Rate.

- (e) *Screen Rate Determination for Floating Rate Instruments referencing SONIA*: Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, "SONIA" is specified as the Reference Rate in the Final Terms and "Index Determination" is specified as "Not Applicable", the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

For the purposes of this Condition 5.2(e):

"**Compounded Daily SONIA**", with respect to an Interest Period, will be calculated by the Calculation Agent on each Interest Determination Date in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 365);

"**d<sub>o</sub>**" means the number of London Banking Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"i" means a series of whole numbers from one to  $d_0$ , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last London Banking Day in such Interest Period or, as the case may be, such Observation Period;

**"Interest Determination Date"** means, in respect of any Interest Period, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Instruments are due and payable).

**"London Banking Day"** or **"LBD"** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"n", for any London Banking Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such London Banking Day "i" up to, but excluding, the following London Banking Day;

**"Observation Period"** means, in respect of an Interest Period, the period from, and including, the date falling "p" London Banking Days prior to the first day of such Interest Period and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Instruments become due and payable);

"p", for any Interest Period or Observation Period (as applicable), means the number of London Banking Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or if no such period is specified, five London Banking Days;

**"SONIA Reference Rate"** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or if the Relevant Screen Page is unavailable, as otherwise is published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

**"SONIA<sub>i</sub>"** means, in respect of any London Banking Day "i", the SONIA Reference Rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant London Banking Day "i";

*For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.*

If, in respect of any London Banking Day in the relevant Interest Period or Observation Period (as applicable), the Calculation Agent determines that the SONIA Reference Rate

is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall, subject to Condition 5.4 (*Benchmark Discontinuation (Independent Adviser)*), be:

- (i) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; and (b) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
- (ii) if the Bank Rate is not published by the Bank of England at close of business on the relevant London Banking Day, (a) the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under paragraph (i) above.

Subject to Condition 5.4 (*Benchmark Discontinuation (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(e), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Instruments for the first Interest Period had the Instruments been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).

- (f) *Screen Rate Determination for Floating Rate Instruments referencing SOFR*: Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, "SOFR" is specified as the Reference Rate in the Final Terms and "Index Determination" is specified as "Not Applicable", the Rate of Interest for each Interest Period will, subject as provided below, be the Benchmark plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.

- (i) For the purposes of this Condition 5.2(f):

"**Benchmark**" means Compounded SOFR, which is a compounded average of daily SOFR, as determined for each Interest Period in accordance with the specific formula and other provisions set out in this Condition 5.2(f).

*Daily SOFR rates will not be published in respect of any day that is not a U.S. Government Securities Business Day, such as a Saturday, Sunday or holiday. For this reason, in determining Compounded SOFR in accordance with the specific formula and other provisions set forth herein, the daily SOFR rate for any U.S. Government Securities Business Day that immediately precedes one or more days that are not U.S. Government Securities Business Days will be multiplied by the number of calendar days from and including such U.S. Government Securities Business Day to, but excluding, the following U.S. Government Securities Business Day.*

*If the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of Compounded SOFR (or the daily SOFR used in the calculation hereof) prior to the relevant SOFR Determination Time, then the provisions under Condition 5.2(f)(ii) below will apply.*

"**Compounded SOFR**" with respect to an Interest Period, means the rate of return of a daily compound interest investment computed by the Calculation Agent on each Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**D**" is the number specified in the relevant Final Terms (or, if no such number is specified, 360);

"**d<sub>0</sub>**" means the number of U.S. Government Securities Business Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period.

"**i**" is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period,

to and including the last U.S. Government Securities Business Day in such Interest Period or, as the case may be, such Observation Period;

"**Interest Determination Date**" means, in respect of any Interest Period, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Instruments are due and payable);

"**n<sub>i</sub>**", for any U.S. Government Securities Business Day "i" in the relevant Interest Period or Observation Period (as applicable), is the number of calendar days from, and including, such U.S. Government Securities Business Day "i" up to, but excluding, the following U.S. Government Securities Business Day;

"**Observation Period**" means, in respect of an Interest Period, the period from, and including, the date falling "p" U.S. Government Securities Business Days prior to the first day in such Interest Period and ending on, but excluding, the date which is "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Instruments become due and payable);

"p" for any Interest Period or Observation Period (as applicable) means the number of U.S. Government Securities Business Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or if no such period is specified, five U.S. Government Securities Business Days;

"SOFR" with respect to any U.S. Government Securities Business Day, means:

- (i) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the "**SOFR Determination Time**"); or
- (ii) subject to Condition 5.2(f)(ii) below, if the rate specified in (i) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, or any successor source;

"**SOFR<sub>i</sub>**" means, in respect of any U.S. Government Securities Business Day "i", the SOFR for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant U.S. Government Securities Business Day "i"; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (ii) If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Floating Rate Instruments in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Trustee or Holders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and

- (iii) notwithstanding anything to the contrary in the documentation relating to the Instruments, shall become effective without consent from the holders of the Instruments, the Trustee or any other party.

For the purposes of this Condition 5.2(f)(ii):

**"Benchmark"** means, initially, Compounded SOFR, as such term is defined above; **provided that** if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR (or the published daily SOFR used in the calculation thereof) or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

**"Benchmark Replacement"** means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (B) the Benchmark Replacement Adjustment;
- (ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate instruments at such time and (B) the Benchmark Replacement Adjustment;

**"Benchmark Replacement Adjustment"** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate instruments at such time;

**"Benchmark Replacement Conforming Change"** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

**"Benchmark Replacement Date"** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**"Benchmark Transition Event"** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component) announcing that the Benchmark (or such component) is no longer representative;

**"Corresponding Tenor"** with respect to a Benchmark Replacement, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark;

**"ISDA Fallback Adjustment"** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

**"ISDA Fallback Rate"** means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the



occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**"Reference Time"** with respect to any determination of the Benchmark means (i) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not Compounded SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

**"Relevant Governmental Body"** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

**"Unadjusted Benchmark Replacement"** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (iii) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 5.2(f)(ii) above will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 15 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer:

- (A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 5.2(f); and
  - (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.
- (iv) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(f), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Instruments for the first Interest Period had the Instruments been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).
- (g) *Screen Rate Determination for Floating Rate Instruments referencing €STR*: Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, "€STR" is specified as the Reference Rate in the Final Terms and "Index Determination" is specified as "Not Applicable", the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily €STR plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on each Interest Determination Date.
    - (i) For the purposes of this Condition 5.2(g):

**"Compounded Daily €STR"** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term

rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{€STR}_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"**d**" means the number of calendar days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"**D**" means the number specified as such in the relevant Final Terms (or, if no such number is specified, 360);

"**d<sub>0</sub>**" means the number of TARGET Settlement Days in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

the "**€STR reference rate**", in respect of any TARGET Settlement Day, is a reference rate equal to the daily euro short-term rate ("**€STR**") for such TARGET Settlement Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the TARGET Settlement Day immediately following such TARGET Settlement Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"**€STR<sub>i</sub>**" means, in respect of any TARGET Settlement Day "**i**", the €STR reference rate for:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the TARGET Settlement Day falling "**p**" TARGET Settlement Days prior to the relevant TARGET Settlement Day "**i**"; or
- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant TARGET Settlement Day "**i**".

"**i**" means a series of whole numbers from one to "**d<sub>0</sub>**", each representing the relevant TARGET Settlement Day in chronological order from, and including, the first TARGET Settlement Day in:

- (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

- (ii) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

to, and including, the last TARGET Settlement Day in such Interest Period or, as the case may be, such Observation Period;

**"Interest Determination Date"** means, in respect of any Interest Period, the date falling "p" TARGET Settlement Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Settlement Days prior to such earlier date, if any, on which the Instruments are due and payable);

**"ni"**, for any TARGET Settlement Day "i" in the relevant Interest Period or Observation Period (as applicable), means the number of calendar days from, and including, such TARGET Settlement Day "i" up to, but excluding, the following TARGET Settlement Day;

**"Observation Period"** means, in respect of any Interest Period, the period from, and including, the date falling "p" TARGET Settlement Days prior to the first day of the relevant Interest Period to (but excluding) and ending on, but excluding, the date falling "p" TARGET Settlement Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Settlement Days prior to such earlier date, if any, on which the Instruments become due any payable; and

**"p"** for any latest Interest Period or Observation Period (as applicable), means the number of TARGET Settlement Days specified as the "Lag Period" or the "Observation Shift Period" (as applicable) in the relevant Final Terms or, if no such period is specified, five TARGET Settlement Days.

- (ii) Subject to Condition 5.4 (*Benchmark Discontinuation (Independent Adviser)*), if, where any Rate of Interest is to be calculated pursuant to the foregoing provisions of this Condition 5.2(g), in respect of any TARGET Settlement Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Settlement Day shall be the €STR reference rate for the first preceding TARGET Settlement Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.
- (iii) Subject to Condition 5.4 (*Benchmark Discontinuation (Independent Adviser)*), if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5.2(g), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Instruments for the first Interest Period had the Instruments been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).
- (h) *Screen Rate Determination for Floating Rate Instruments referencing SONIA Compounded Index or SOFR Compounded Index*: Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, "SONIA" or "SOFR" is specified as the Reference Rate in the Final Terms and "Index Determination" is specified as "Applicable", the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula on the relevant Interest Determination Date:

$$\frac{(\text{Compounded Index End}}{\text{Compounded Index Start}} - 1) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"**Compounded Index**" shall mean either the SONIA Compounded Index or the SOFR Compounded Index, as specified in the relevant Final Terms;

"**Compounded Index End**" means, in respect of an Interest Period, the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Compounded Index Start**" means, in respect of an Interest Period, the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period;

"**d**" is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

"**Index Days**" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"**Interest Determination Date**" means in respect of any Interest Period:

- (i) in the case of the SONIA Compounded Index, , the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Instruments are due and payable); and
- (ii) in the case of the SOFR Compounded Index, the date falling "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the Instruments are due and payable);

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Numerator**" means, in the case of the SONIA Compounded Index, 365 and, in the case of the SOFR Compounded Index, 360;

"**Relevant Decimal Place**" shall, unless otherwise specified in the relevant Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.0000005 being rounded upwards);

"**Relevant Number**" is as specified in the relevant Final Terms, but, unless otherwise specified shall be five;

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source;

"**SOFR Compounded Index**" means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"U.S. Government Securities Business Day" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

**Provided that** a Benchmark Event has not occurred in respect of the relevant Compounded Index where the relevant Compounded Index is SONIA or a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred where the relevant Compounded Index is SOFR, as the case may be, if, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period as if Index Determination was not specified in the relevant Final Terms and as if Compounded SONIA or Compounded Daily SOFR (as defined in Condition 5.2(e) or Condition 5.2(f), as applicable) had been specified instead in the Final Terms, and in each case "Observation Shift" had been specified as the Observation Method in the relevant Final Terms, and where the Observation Period for the purposes of that definition in Condition 5.2(e) or Condition 5.2(f) (as applicable) shall be deemed to be the same as the Relevant Number specified in the Final Terms and where, in the case of Compounded Daily SONIA, the Relevant Screen Page will be determined by the Issuer. For the avoidance of doubt, if a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 5.4 (*Benchmark Discontinuation (Independent Adviser)*) shall apply and if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provisions of Condition 5.2(f) shall apply.

- (i) *Minimum Rate of Interest and/or Maximum Rate of Interest:* If the Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Conditions 5.2(c), 5.2(d), 5.2(e), 5.2(f), 5.2(g) or 5.2(h) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Conditions 5.2(c), 5.2(d), 5.2(e), 5.2(f), 5.2(g) or 5.2(h) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

- (j) *Determination of Rate of Interest and calculation of Interest Amounts:* The Issue and Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Issue and Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Instruments in respect of each Specified Denomination for the relevant Interest Period.

The Issue and Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest ("**Interest Amount**") payable on the Floating Rate Instruments for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Instruments which are represented by a Global Instrument, the aggregate outstanding nominal amount of the Instruments represented by such Global Instrument; or
- (B) in the case of Floating Rate Instruments in definitive form, the Calculation Amount,

and, in each case multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Instrument in definitive

form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Instrument shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if **"Actual/Actual"** or **"Actual/Actual (ISDA)"** is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if **"Actual/365 (Sterling)"** is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if **"Actual/360"** is specified in the Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Interest Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if **"30E/360"** or **"Eurobond Basis"** is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if "**30E/360 (ISDA)**" is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Interest Period, unless (1) that day is the last day of February or (2) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (1) that day is the last day of February but not the Maturity Date or (2) such number would be 31 and D<sub>2</sub> will be 30.

- (k) *Notification of Rate of Interest and Interest Amounts:* The Issue and Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Instruments are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Instruments are for the time being listed or by which they have been admitted to listing and to the Holders in

accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

- (l) *Linear Interpolation*: Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Issue and Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period **provided however that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the sum of the Margin (if applicable) and the rate or (as the case may be) the arithmetic mean last determined in relation to the Instruments in respect of the immediately preceding Interest Period.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

- (m) *Determinations and calculations*: If for any reason at any time the Issue and Paying Agent defaults in its obligations to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with the provisions of Conditions 5.2(c), 5.2(d), 5.2(e), 5.2(f), 5.2(g) or 5.2(h) above, as the case may be, and in each case, in accordance with Condition 5.2(j) above, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the sum of the Margin (if applicable) and the rate or (as the case may be) the arithmetic mean last determined in relation to the Instruments in respect of the immediately preceding Interest Period.
- (n) *Certificates to be final*: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, by the Determination Agent or the Calculation Agent, as applicable, shall (in the absence of manifest error) be binding on the Issuer, the Trustee, EDP (if the Issuer is EDP B.V. or EDP SFE), the Issue and Paying Agent, the other Paying Agents and all Holders and (in the absence of fraud, negligence or wilful misconduct) no liability to the Issuer, EDP (if the Issuer is EDP B.V. or EDP SFE) or the Holders shall attach to the Issue and Paying Agent or the Calculation Agent, as applicable in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 5.3 *Accrual of interest*

Each Instrument (or, in the case of the redemption of part only of an Instrument, that part only of such Instrument) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, if applicable, or, in the case of a Book Entry Instrument presentation of the relevant Certificate in respect thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

### 5.4 *Benchmark Discontinuation (Independent Adviser)*

- (a) Other than in the case of a Floating Rate Instrument for which the Reference Rate is specified in the Final Terms as being "SOFR" or "SOFR Compounded Index", notwithstanding the operation of Condition 5.2 (*Interest on Floating Rate Instruments*), if EDP (in consultation with the person specified in the relevant Final Terms as the party responsible for calculating the Rate of Interest)) determines that a Benchmark Event has occurred, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply.



- (b) EDP shall use its reasonable endeavours to appoint an Independent Adviser, no later than 5 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.4(c)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5.4(d)) and any Benchmark Amendments (in accordance with Condition 5.4(e)).

For the avoidance of doubt, the Independent Adviser if acting in good faith and, in the absence of bad faith or fraud, shall have no liability whatsoever to the Issuer (nor, if EDP B.V. or EDP SFE is the Issuer, EDP), the Trustee, the Paying Agents or the Holders for any determination made by it pursuant to this Condition 5.4.

If (i) EDP is unable, having used its reasonable endeavours, to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate and, in each case, an Adjustment Spread and any related Benchmark Amendments, and notify the Issuer and Paying Agent or the Calculation Agent (as applicable) of such determination, in accordance with this Condition 5.4 prior to the date which is 5 Business Days prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Floating Rate Interest Period. For the avoidance of doubt, any adjustment pursuant to this final paragraph of Condition 5.4 shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this Condition 5.4.

- (c) If the Independent Adviser determines in its discretion that:
- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5.4(d)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5.4; or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5.4(d)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this Condition 5.4.
- (d) If a Successor Rate or Alternative Rate is determined in accordance with Condition 5.4(c), the Independent Adviser shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be), subject to the subsequent further operation and adjustment as provided in this Condition 5.4. For the avoidance of doubt, an Adjustment Spread may be positive, negative or zero.
- (e) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.4 and the Independent Adviser determines in its discretion:
- (A) that amendments to these Conditions, the Trust Deed, the Interbolsa Instrument and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and
  - (B) the terms of the Benchmark Amendments,

then EDP, EDP B.V. and EDP SFE shall, subject to giving notice thereof in accordance with Condition 5.4(f), without any requirement for the consent or approval of relevant

Holders, vary these Conditions, the Trust Deed, the Interbolsa Instrument or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

The Trustee, the Calculation Agent and the Issue and Paying Agent shall, at the request and expense of EDP and without the requirement for any consent or approval of the Holders, concur with EDP, EDP B.V. and EDP SFE in effecting any Benchmark Amendments as may be required in order to give effect to this Condition 5.4(e), subject to receipt by the Trustee of the certificate referred to in Condition 5.4(g) below, *provided however*, that neither the Trustee, the Calculation Agent nor the Issue and Paying Agent shall be obliged so to concur if in the reasonable opinion of the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) doing so would have the effect of (i) exposing the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) imposing more onerous obligations upon the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) or expose them to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions in these Conditions, the Agency Agreement or the Trust Deed.

- (f) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.4 will be notified promptly by the Issuer to the Trustee, the Paying Agents, the Calculation Agent and, in accordance with Condition 15 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.
- (g) No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two of its Directors:
  - (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.4; and
  - (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

- (h) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer (and, if EDP B.V. or EDP SFE is the Issuer, EDP), the Trustee, the Paying Agents, the Calculation Agent and the Holders.
- (i) Without prejudice to the obligations of EDP, EDP B.V. and EDP SFE, as appropriate, under Condition 5.4(b), (c), (d) and (e), the Reference Rate and the fallback provisions provided for in Condition 5.2 will continue to apply unless and until the Calculation Agent or the person specified in the Final Terms as the party responsible for calculating the Rate of Interest has been notified of the Successor Rate or the Alternative Rate (as the case may be), the applicable Adjustment Spread and Benchmark Amendments (if applicable), in accordance with Condition 5.4(f)
- (j) If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Issue and Paying Agent or, as applicable, the Calculation Agent pursuant to Condition 5.4(f), and the Issue and Paying Agent or, as applicable, the Calculation Agent is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or

determination of any Rate of Interest (or any component part thereof), it shall promptly notify the Issuer thereof and the Issuer shall direct the Issue and Paying Agent or, as applicable, the Calculation Agent in writing (which direction may be by way of a written determination of an Independent Advisor) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Rate of Interest. If the Issue and Paying Agent or, as applicable, the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Issue and Paying Agent or, as applicable, the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Issue and Paying Agent or, as applicable, the Calculation Agent remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest (or any component part thereof), the Reference Rate and the fallback provisions provided for in Conditions 5.2 will continue to apply.

As used in this Condition 5.4:

**"Adjustment Spread"** means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines and notifies to the Issue and Paying Agent and the Calculation Agent (as applicable) is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or
- (C) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines and notifies to the Issue and Paying Agent and Calculation Agent (as applicable) in accordance with Condition 5.4(c) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

**"Benchmark Event"** means:

- (A) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Reference Rate that it has ceased, or will, by a specified date within the following six months, cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

- (C) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified date within the following six months, be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Instruments; or
- (E) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Holder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by EDP at its own expense under Condition 5.4(b).

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

## 6. **Payments**

6.1 *Method of payment:* Subject and except as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Subject always to Condition 8 (*Taxation*), payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.2 *Presentation of Bearer Instruments, Receipts and Coupons:* Payments of principal in respect of Bearer Instruments will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of payment*) above only, where applicable, against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Instruments, and payments of interest in respect of Bearer Instruments will (subject as provided below) be made as aforesaid only, where applicable, against presentation and surrender (or, in the case of part payment of any

sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of Bearer Instruments, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 (*Method of payment*) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Instrument in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Instrument to which it appertains. Receipts presented without the definitive Instrument to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Instrument becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Instruments in bearer form (other than Long Maturity Instruments (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Instrument in bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Instrument or Long Maturity Instrument in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Instrument**" is a Fixed Rate Instrument (other than a Fixed Rate Instrument which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Instrument shall cease to be a Long Maturity Instrument on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Instrument.

Other than in respect of Book Entry Instruments, if the due date for redemption of any Instrument is not an Interest Payment Date, interest (if any) accrued in respect of such Instrument from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Instrument.

Payments in respect of the Book Entry Instruments will be made by transfer to the registered account of the holders maintained by or on behalf of them with a bank that processes payments in the relevant currency, details of which appear in the records of the relevant Affiliate Members of Interbolsa at the close of business on the Payment Day (as defined in Condition 6.5 (*Payment Day*)) below) before the due date for payment of principal and/or interest.

- 6.3 *U.S. Paying Agent:* Notwithstanding the foregoing provisions of Condition 6.2 (*Presentation of Bearer Instruments, Receipts and Coupons*), if any amount of principal and/or interest in respect of Instruments is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Instruments will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Instruments in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
  - (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer or, if the Issuer is EDP B.V. or EDP SFE, EDP.
- 6.4 *Registered Instruments:* Payments of amounts (including accrued interest) due on the final redemption of Registered Instruments will be made against presentation and, save in the case of a partial redemption, surrender of the relevant Registered Instruments at the specified office of the Registrar.
- Payments of amounts (whether principal, interest or otherwise) due in respect of Registered Instruments will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar (1) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (2) where in definitive form, as at close of business (Luxembourg time) on the fifteenth Luxembourg business day (the "**Record Date**") before the due date for such payment **provided that** the amounts due in respect of Registered Instruments under Condition 10 (*Events of Default*) will be paid to the Holders thereof (or, in the case of joint Holders, the first-named) as appearing in such register as at opening of business (Luxembourg time) on the date on which such payment is made.
- 6.5 *Payment Day:* If the date for payment of any amount in respect of any Instrument, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is:
- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Financial Centre specified in the Final Terms and, in the case of Instruments in definitive form only, in the relevant place of presentation, or, in the case of Book Entry Instruments, in Portugal; and
  - (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, and any Additional Financial Centre) or (2) in relation to any sum payable in euro, a day on which T2 is open.
- 6.6 *Interpretation of principal and interest:* Any reference in these Terms and Conditions to principal in respect of the Instruments shall be deemed to include, as applicable:
- (i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertakings or covenants given in addition thereto or in substitution therefor pursuant to the Trust Deed;
  - (ii) the Final Redemption Amount of the Instruments;
  - (iii) the Early Redemption Amount of the Instruments;
  - (iv) the Optional Redemption Amount(s) (if any) of the Instruments;

- (v) in relation to Instruments redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Instruments, the Amortised Face Amount (as defined in Condition 7.6); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Instruments.

Any reference in these Terms and Conditions to interest in respect of the Instruments shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertakings or covenants given in addition thereto or in substitution thereof pursuant to the Trust Deed.

## 7. Redemption and Purchase

7.1 *Redemption at maturity*: Unless previously redeemed or purchased and cancelled as specified below, each Instrument will be redeemed by the Issuer at its outstanding nominal amount in the relevant Specified Currency on the Maturity Date.

7.2 *Redemption for tax reasons*: Subject to Condition 7.8 (*Early Redemption Amounts*), the Instruments may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Instrument is not a Floating Rate Instrument) or on any Interest Payment Date (if this Instrument is a Floating Rate Instrument), on giving not less than 30 nor more than 60 days' notice to the Trustee, the Issue and Paying Agent and, in accordance with Condition 15 (*Notices*), the Holders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (i) on the occasion of the next payment due under the Instruments, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the relevant Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any political subdivision of, or any authority in, or of, the relevant Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Instruments; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Instruments then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (1) a certificate signed by two Directors of EDP stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Holders.

Instruments redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.8 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to but excluding the date of redemption.

7.3 *Redemption at the option of the Issuer (Issuer Call)*: If Issuer Call is specified as being applicable in the Final Terms, the Issuer may, having given:

- (i) not less than 15 days nor more than 30 days' notice to the Holders in accordance with Condition 15 (*Notices*); and

- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issue and Paying Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if so provided, some only of the Instruments at any time or from time to time on the relevant Optional Redemption Date at, unless otherwise specified in the relevant Final Terms, the Optional Redemption Amount together, if appropriate, with any interest accrued on the Instruments to, but excluding, the Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Instruments stated in the Final Terms or, if Make-Whole Redemption Amount is specified in the Final Terms, will be calculated by the Determination Agent and will be the greater of (x) 100 per cent. of the principal amount of the Instruments so redeemed and (y) the sum of the then present values of each remaining scheduled payments of principal and interest on such Instruments to maturity or, if Residual Call Period is specified as applicable in the Final Terms, to the Residual Call Commencement Date (assuming for this purpose that the Instruments are scheduled to mature on the Residual Call Commencement Date) (not including any interest accrued on the Instruments to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin, if any, specified in the Final Terms.

All Instruments in respect of which any such notice of redemption is given shall be redeemed on the date specified in such notice in accordance with this Condition.

For the purposes of this Condition 7.3:

**"Determination Agent"** means an independent adviser, investment bank or financial institution of recognised standing selected by the Issuer;

**"Make-Whole Redemption Rate"** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

**"Reference Bond"** shall be as set out in the Final Terms or, if no such bond is set out in the Final Terms or if such bond is no longer outstanding, shall be the Selected Reference Bond;

**"Reference Bond Price"** means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**"Reference Date"** will be set out in the relevant notice of redemption;

**"Reference Government Bond Dealer"** means each of five banks selected by the Issuer (or the Determination Agent, acting at its request), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**"Reference Government Bond Dealer Quotations"** mean, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

**"Residual Call Commencement Date"** shall be the date set out in the Final Terms;



"**Residual Call Period**" has the meaning set out in the Final Terms; and

"**Selected Reference Bond**" means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable to either the remaining term of the Instruments or, if Residual Call Period is specified as applicable in the Final Terms, the Residual Call Commencement Date of the Instruments, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Instruments and of a comparable maturity to either the remaining term of the Instruments or, if Residual Call Period is specified in the Final Terms, the Residual Call Commencement Date of the Instruments.

7.4 *Redemption at the option of the Issuer (Clean-up Call):* If Clean-up Call is specified as being applicable in the Final Terms, in the event that Instruments representing an aggregate amount equal to or exceeding the Minimum Percentage (as specified in the Final Terms, being a percentage of the initial aggregate principal amount of that particular Series of Instruments (including any Instruments which have been consolidated and form a single Series therewith)) have been purchased by EDP or any subsidiary of EDP and cancelled or redeemed by the Issuer, the Issuer may, having given:

- (i) not less than 15 days nor more than 30 days' notice to the Holders in accordance with Condition 15 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issue and Paying Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem the Instruments then outstanding in whole (but not in part) on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Final Terms together, if appropriate, with interest accrued to but excluding the relevant Optional Redemption Date.

All Instruments in respect of which any such notice of redemption is given shall be redeemed on the date specified in such notice in accordance with this Condition.

7.5 *Partial Redemption:* In the case of a partial redemption of Instruments (other than Book Entry Instruments), the Instruments to be redeemed ("**Redeemed Instruments**") will be selected individually by lot not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**") in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). A list of the serial numbers of such Redeemed Instruments will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. Partial redemption of Book Entry Instruments shall be made in accordance with the applicable Interbolsa rules.

7.6 *Redemption at the option of the Holders (Investor Put):* If Investor Put is specified as being applicable in the Final Terms, upon the holder of any Instrument giving to the Issuer in accordance with Condition 15 (*Notices*) not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, in whole (but not in part), such Instrument on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to but excluding the relevant Optional Redemption Date.

To exercise the right to require redemption of this Instrument the holder of this Instrument must deliver (1) (in the case of Instruments in definitive form) to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or (2) (in all other cases) a notice to the Paying Agent or Transfer Agent or Registrar (as the case may be) in accordance with the standard procedures of Clearstream, Luxembourg, Euroclear Bank and/or Interbolsa or any common depository or custodian for them stating the principal amount of the Instruments in respect of which such option is exercised (a "**Put Notice**") in which the holder must specify a bank account to which payment is to be made under this Condition together in the case of Bearer Instruments with the Instruments. No deposit of Instruments will be required in respect of Book Entry Instruments.

7.7 *Redemption at option of Holders on Change of Control (Investor Put on Change of Control)*: If Investor Put on Change of Control is specified as being applicable in the Final Terms and at any time while any Instruments remain outstanding there occurs a Change of Control and within the Change of Control Period a Rating Downgrade as a result of that Change of Control occurs (together, a "**Put Event**"), each Holder will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Instruments in accordance with Condition 7.2 (*Redemption for tax reasons*)), Condition 7.3 (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 7.4 (*Redemption at the option of the Issuer (Clean-up Call)*), to require the Issuer to redeem each of the Instruments held by such Holder on the Mandatory Redemption Date at its principal amount together with interest accrued to but excluding the Mandatory Redemption Date, such option being referred to as an "Investor Put on Change of Control".

Upon EDP becoming aware that a Put Event has occurred, EDP shall promptly notify the Issuer of such fact (where the Issuer is EDP B.V. or EDP SFE) and the Issuer shall give notice (a "**Put Event Notice**") to the Holders in accordance with Condition 15 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option set out in this Condition 7.7.

To exercise the option to require redemption of an Instrument under this Condition 7.7 the holder of this Instrument must, if this Instrument is in definitive form and held outside Euroclear Bank and Clearstream, Luxembourg, deliver such Instrument, on any business day in the city of the specified office of the relevant Paying Agent falling within the Put Period, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Option Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition 7.7. The Instrument should be delivered together with all Coupons appertaining thereto maturing after the Mandatory Redemption Date failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Instruments corresponding to the aggregate amount payable in respect of such missing Coupons.

If the Instruments are represented by a Global Instrument or are in definitive form and held through Euroclear Bank or Clearstream, Luxembourg, to exercise the right to require redemption of an Instrument under this Condition 7.7 the holder of the Instrument must, within the Put Period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of Euroclear Bank and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear Bank or Clearstream, Luxembourg or any common depositary for them to the Paying Agent by electronic means) in a form acceptable to Euroclear Bank and Clearstream, Luxembourg from time to time and, if this Instrument is represented by a Global Instrument, at the same time present or procure the presentation of the relevant Global Instrument to the Paying Agent for notation accordingly.

The Paying Agent to which such Instrument and Put Option Notice are delivered will issue to the holder concerned a non-transferable receipt (a "**Put Option Receipt**") in respect of the Instrument so delivered. The Issuer shall redeem the Instruments in respect of which Put Option Receipts have been issued on the Mandatory Redemption Date, unless previously redeemed and purchased. Payment in respect of any Put Option Receipt will be made on the Mandatory Redemption Date by transfer to the bank account (if any) specified in the Put Option Notice and in every other case on or after the Mandatory Redemption Date, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 7.7.

For the purposes of this Condition:

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Executive Board of Directors or General and Supervisory Board of EDP) that any person (or persons) ("**Relevant Person(s)**") acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly:

- (i) acquires or becomes entitled to exercise control over EDP; or

- (ii) acquires or owns, directly or indirectly more than 50 per cent. of the issued voting share capital of EDP,

**provided that** the foregoing shall not include the control, or ownership of issued voting share capital, exercisable by and/or owned by the Portuguese Republic, or by the Portuguese Republic and/or by any entity or entities (together or individually) controlled by the Portuguese Republic from time to time, or in respect of which the Portuguese Republic owns directly or indirectly more than 50 per cent. of the issued voting share capital.

A Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person(s) are also, or immediately prior to the event which would otherwise constitute a Change of Control were, all of the shareholders of EDP.

**"Change of Control Period"** means the period ending 120 days after the Date of Announcement.

**"Date of Announcement"** means the date of the public announcement that a Change of Control has occurred.

**"Investment Grade Rating"** means a rating of at least BBB- (or equivalent thereof) in the case of S&P or a rating of at least BBB- (or equivalent thereof) in the case of Fitch or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's or the equivalent in the case of any other Rating Agency.

**"Investment Grade Securities"** means Rated Securities which have an Investment Grade Rating from each Rating Agency that assigns a rating to such Rated Securities.

**"Mandatory Redemption Date"** is the seventh day after the last day of the Put Period.

**"Put Period"** means the period of 45 days from and including the date on which a Put Event Notice is given.

**"Rated Securities"** means:

- (i) the Instruments; or
- (ii) such other comparable long-term debt of the Issuer or EDP selected by the Issuer from time to time for the purpose of this definition which possesses a rating by any Rating Agency.

**"Rating Agency"** means S&P Global Ratings Europe Limited (French Branch) ("**S&P**"), Fitch Ratings Limited ("**Fitch**") and Moody's Investors Services Limited ("**Moody's**") or any of their respective successors or affiliates or any other rating agency of equivalent international standing specified from time to time by EDP.

**"Rating Downgrade"** means either:

- (i) within the Change of Control Period:
  - (a) any rating assigned to the Rated Securities is withdrawn; or
  - (b) the Rated Securities cease to be Investment Grade Securities; or
  - (c) (if the rating assigned to the Rated Securities by any Rating Agency which is current at the Date of Announcement is below an Investment Grade Rating) that rating is lowered one full rating notch by any Rating Agency (for example from BB+ to BB by S&P or Fitch and Ba1 to Ba2 by Moody's or such similar lower of equivalent rating),

**provided that** no Rating Downgrade shall occur by virtue of a particular withdrawal of or reduction in rating unless the Rating Agency withdrawing or making the reduction in the rating announces or confirms that the withdrawal or reduction was the result, in whole or in part, of the relevant Change of Control; or

- (ii) if at the time of the Date of Announcement, there are no Rated Securities and either:
  - (a) EDP does not use all reasonable endeavours to obtain, within 45 days of the Date of Announcement, from a Rating Agency a rating for the Rated Securities; or
  - (b) if EDP does use such endeavours, but, as a result of such Change of Control, at the expiry of the Change of Control Period there are still no Investment Grade Securities and the Rating Agency announces or confirms in writing that its declining to assign an Investment Grade Rating was the result, in whole or in part, of the relevant Change of Control.

7.8 *Early Redemption Amounts*: For the purpose of Condition 7.2 (*Redemption for tax reasons*) above and Condition 10 (*Event of Default*), each Instrument will be redeemed at the early redemption amount (the "**Early Redemption Amount**") calculated as follows:

- (i) at the amount specified in the Final Terms or, if no such amount is so specified in the Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Instrument, at an amount (the "**Amortised Face Amount**") equal to the sum of the Reference Price and the product of the Accrual Yield (compounded annually) being applied to the Reference Price from and including the Issue Date of the first Tranche of the Instruments to but excluding the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of the Day Count Fraction specified in the Final Terms which will be either (1) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable and the denominator will be 360) or (2) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable and the denominator will be 360) or (3) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable and the denominator will be 365).

7.9 *Instalments*: Instalment Instruments will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, unless the Optional Redemption Amount is specified in the Final Terms, the Early Redemption Amount will be determined pursuant to Condition 7.8 (*Early Redemption Amounts*).

7.10 *Purchases*: EDP, EDP B.V., EDP SFE or any subsidiary of EDP may at any time purchase Instruments (**provided that**, in the case of Bearer Instruments, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Instruments may be held, reissued, resold or, at the option of EDP, EDP B.V., EDP SFE or the relevant subsidiary of EDP, cancelled.

7.11 *Cancellation*: All Instruments which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption (or in accordance with Interbolsa regulations in the case of Book Entry Instruments)). All Instruments so cancelled and Instruments purchased and cancelled pursuant to Condition 7.10 (*Purchases*) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Issue and Paying Agent (save in the case of Book Entry Instruments) and cannot be reissued or resold.

7.12 *Late payment on Zero Coupon Instruments*: If the amount payable in respect of any Zero Coupon Instrument upon redemption of such Zero Coupon Instrument pursuant to Condition 7.1 (*Redemption at maturity*), 7.2 (*Redemption for tax reasons*), 7.3 (*Redemption at the option of the Issuer (Issuer Call)*), 7.4 (*Redemption at the option of the Issuer (Clean-up Call)*), 7.5 (*Partial*

*Redemption*), 7.6 (*Redemption at the option of the Holders (Investor Put)*) or 7.7 (*Redemption at option of Holders on Change of Control (Investor Put on Change of Control)*) above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Instrument shall be the amount calculated as provided in Condition 7.8(ii) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Instrument becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Instrument have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Instrument has been received by the Issue and Paying Agent or the Trustee and notice to that effect has been given to the Holders in accordance with Condition 15 (*Notices*).

## 8. **Taxation**

All payments of principal and interest in respect of the Instruments, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the relevant Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Instruments, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Instruments, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Instrument, Receipt or Coupon:

- (i) presented for payment by or on behalf of a Beneficial Owner who is liable for such taxes or duties in respect of such Instrument, Receipt or Coupon by reason of his having some connection with the relevant Tax Jurisdiction other than the mere holding of such Instrument, Receipt or Coupon;
- (ii) presented for payment in the case of a Bearer Instrument, in the relevant Tax Jurisdiction;
- (iii) presented for payment in the case of a Bearer Instrument more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6 (*Payments*));
- (iv) where such withholding or deduction is required to be made pursuant to the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*) or any re-enactment thereof;
- (v) presented for payment by or on behalf of a Beneficial Owner who would have been able to avoid such withholding or deduction by presenting the relevant Instrument, Receipt or Coupon to another Paying Agent in a Member State of the European Union;
- (vi) presented for payment by or on behalf of a Beneficial Owner of Instruments, Receipts or Coupons who would not be liable for or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (vii) where the Issuer is EDP, presented for payment by or on behalf of a Beneficial Owner of Instruments, Receipts or Coupons particularly in respect of whom the information required in order to comply with the special tax regime approved by Decree-Law no. 193/2005 of 7 November ("**Decree-Law no. 193/2005**"), and any implementing legislation, is not received prior to the Relevant Date;
- (viii) where the Issuer is EDP, presented for payment by or on behalf of a Beneficial Owner of Instruments, Receipts or Coupons resident for tax purposes in the Tax Jurisdiction, or a

resident in a country, territory or region subject to clearly a more favourable tax regime included in the list approved by Order no. 150/2004, of 13 February 2004 (*Portaria do Ministro das Finanças e da Administração Pública no. 150/2004*) as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, with the exception of (a) central banks and governmental agencies as well as international institutions recognised by the Tax Jurisdiction of those tax haven jurisdictions and (b) tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in force with Portugal, **provided that** all procedures and all information required under Decree-Law no. 193/2005 regarding (a) and (b) above are complied with;

- (ix) where the Issuer is EDP, presented for payment by or on behalf of (1) a Portuguese resident legal entity subject to Portuguese corporation tax (with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions), or (2) a non-resident legal person with a permanent establishment in Portugal to which the income or gains obtained from the Instruments, Receipts or Coupons are attributable (with the exception of entities which benefit from a Portuguese withholding tax waiver);
- (x) where the Issuer is EDP, presented for payment by or on behalf of, a Holder (i) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent directly from the Holders before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (ii) who is resident in one of the contracting states;
- (xi) where EDP SFE is the Issuer, to, or to a third party on behalf of, a holder or beneficial owner of the Instrument if EDP SFE does not receive from the holder or beneficial owner in a timely manner certain information about the identity and tax residence of such holder or beneficial owner as may eventually be required (i) in order to comply with any new procedures that may be implemented as a consequence of an amendment, modification or interpretation of Royal Decree 1065/2007; or (ii) in case the Instruments are represented by definitive Instruments; or
- (xii) where such deduction or withholding is required pursuant to the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) and any intergovernmental agreement or implementing legislation adopted by another jurisdiction or any agreement with the U.S. Internal Revenue Service in connection with these provisions.

As used in these Terms and Conditions:

- (i) "**Tax Jurisdiction**" means in the case of EDP, the Portuguese Republic or any political subdivision or any authority thereof or therein having power to tax and, in the case of EDP B.V., the Netherlands, or any political subdivision or any authority thereof or therein having power to tax, in the case of EDP SFE, Spain, or any political subdivision or any authority thereof or therein having power to tax or in any case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax in which EDP, EDP B.V. or EDP SFE, as the case may be, becomes tax resident;
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 15 (*Notices*); and
- (iii) "**Beneficial Owner**" means the holder of the Instruments who is the effective beneficiary of the income attributable thereto.

9. **Prescription**

The Instruments (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6 (*Payments*) or any Talon which would be void pursuant to Condition 6 (*Payments*).

10. **Events of Default**

If any one or more of the following events (each an "Event of Default") shall occur and is continuing:

- (i) the Issuer fails to pay any amount of principal or interest due in respect of the Instruments or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Trust Deed or these Terms and Conditions or, if the Issuer is EDP B.V. or EDP SFE, EDP fails to perform or observe any of its obligations under the Trust Deed or these Terms and Conditions or (in the case of Book Entry Instruments) the Interbolsa Instrument and, save for in the case of Book Entry Instruments (A) such failure is, in the opinion of the Trustee, incapable of remedy or in respect of which, in the opinion of the Trustee, remedial action satisfactory to the Trustee cannot be taken or (B) such failure is, in the opinion of the Trustee capable of remedy or in respect of which, in the opinion of the Trustee, such remedial action can be taken and the failure continues for the period of 30 days (or such longer period as the Trustee may permit) after the Trustee has given written notice to the Issuer requiring the same to be remedied; or
- (iii) any other Indebtedness of EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer) or EDP or any Indebtedness of any Material Subsidiary becomes due and payable prior to the stated maturity thereof as a result of a default thereunder or any such Indebtedness is not paid at the maturity thereof or any guarantee or indemnity in respect of Indebtedness or performance given by any such company is not honoured when due and called upon or any security interest, present or future, over the assets of any such company becomes enforceable **provided that** no such event in relation to such Indebtedness or any guarantee or indemnity in respect of such Indebtedness shall constitute an Event of Default unless the relative Indebtedness either alone or when aggregated with other Indebtedness relative to all (if any) other such events which shall have occurred shall amount to at least €75,000,000 (or its equivalent in any other currency) and **provided further that**, for the purposes of this Condition 10(iii), none of EDP B.V., EDP SFE nor EDP nor any Material Subsidiary shall be deemed to be in default with respect to such Indebtedness, guarantee or security interest until expiration of the applicable grace or remedy period, if any, or if the Trustee is satisfied that it shall be contesting in good faith by appropriate means its liability to make payment thereunder; or
- (iv) (A) any steps are taken with a view to the liquidation or dissolution of EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer), EDP or any Material Subsidiary, or (B) EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer), EDP or any Material Subsidiary becomes insolvent or admits in writing its inability to pay its debts as and when the same fall due, or (C) a receiver, liquidator or similar officer shall be appointed over all or any part of EDP B.V.'s (if EDP B.V. is the Issuer), EDP SFE's (if EDP SFE is the Issuer), EDP's or any Material Subsidiary's assets or (D) an application shall be made for a moratorium or an arrangement with creditors of EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer), EDP or any Material Subsidiary or (E) proceedings shall be commenced in relation to EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer), EDP or any Material Subsidiary under any legal reconstruction, readjustment of debts, dissolution or liquidation law or regulation, or (F) a

distress shall be levied or sued out upon all or any part of EDP B.V.'s (if EDP B.V. is the Issuer), EDP SFE 's (if EDP SFE is the Issuer), EDP's or any Material Subsidiary's assets and shall remain undischarged for (60) days, or (G) anything analogous to the foregoing shall occur under the laws of any applicable jurisdiction **provided that**, save in the case of Book Entry Instruments, no such event shall constitute an Event of Default if the Trustee is satisfied that it is being contested in good faith by appropriate means by EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer), EDP or the relevant Material Subsidiary, as the case may be, and EDP or such Material Subsidiary or EDP B.V. or EDP SFE, as the case may be, has been advised by recognised independent legal advisers of good repute that it is reasonable to do so; or

- (v) save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution of the Holders, either (A) EDP or any Material Subsidiary, or (B) EDP, EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer), and each of the Material Subsidiaries taken as a whole, cease(s) or threaten(s) to cease to carry on the whole or a major part of the business conducted by the Group as a whole (excluding the operations of any business relating to Thermal Assets) at the date on which agreement is reached to issue the first Tranche of the Instruments; or
- (vi) any authorisation, approval, consent, licence, decree, registration, publication, notarisation or other requirement of any governmental or public body or authority necessary to enable or permit EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer) or EDP to comply with its obligations under the Instruments, the Trust Deed or the relevant Keep Well Agreement or, if required for the validity or enforceability of any such obligations, is revoked, withdrawn or withheld or otherwise fails to remain in full force and effect or any law, decree or directive of any competent authority of or in the Netherlands, Portugal or Spain is enacted or issued which materially impairs the ability or right of EDP B.V., EDP SFE or EDP to perform such obligations; or
- (vii) EDP shall cease to own directly or indirectly more than 50 per cent. of the issued share capital or voting rights attached thereto or similar right of ownership in any Material Subsidiary or 100 per cent. of the issued share capital or voting rights attached thereto or similar right of ownership in EDP B.V. (if EDP B.V. is the Issuer), EDP SFE (if EDP SFE is the Issuer) or EDP shall cease to have direct or indirect control of any Material Subsidiary or EDP B.V. or EDP SFE; or
- (viii) either Keep Well Agreement is terminated or any provision of a Keep Well Agreement is amended or waived in circumstances where such amendment or waiver would have, in the opinion of the Trustee, an adverse effect on the interests of the holders of Instruments (as defined therein) issued by EDP B.V. or EDP SFE, as the case may be, or is not enforced in a timely manner by EDP B.V. or EDP SFE, as the case may be, or is breached by EDP **provided that** in the case of such non-enforcement or breach this has, in the opinion of the Trustee, an adverse effect on the interests of the holders of Instruments (as defined therein) issued by EDP B.V. or EDP SFE, as the case may be,

then:

- (a) in respect of Instruments other than Book Entry Instruments, the Trustee at its discretion may, and if so requested in writing by the Holders of at least one-quarter in nominal amount of the Instruments then outstanding or if so directed by an Extraordinary Resolution of the Holders of the Instruments shall (subject in each case to being indemnified to its satisfaction), given written notice to the Issuer that the Instruments are, and they shall accordingly thereupon immediately become, due and repayable at the Early Redemption Amount (as described in Condition 7.8 (*Early Redemption Amounts*), together with accrued interest (if any) as provided in the Trust Deed **provided that**, in the case of any Event of Default other than those described in paragraphs (i) (vi) and (vii) above, the Trustee shall have certified to the Issuer that, in its opinion, such Event of Default is materially prejudicial to the interests of the Holders; and



- (b) in respect of Book Entry Instruments, any Book Entry Instrumentholder may give notice to the Issuer and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book Entry Instruments held by such Book Entry Instrumentholders are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7.8 (*Early Redemption Amounts*)) together with accrued interest (as provided in the Interbolsa Instrument)).

In these Terms and Conditions:

**"Group"** means EDP and its Subsidiaries;

**"Indebtedness"** means, with respect to any person, any indebtedness or obligation (whether present or future, actual or contingent) created, issued, guaranteed, incurred or assumed by such person for money borrowed or raised;

**"Material Subsidiary"** means a Subsidiary:

- (a) whose operations include the generation and/or distribution of electricity in Portugal; and
- (b)
  - (i) at any time whose total assets (excluding any Thermal Assets), as calculated from the then latest annual financial statements, audited if prepared, of that Subsidiary (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 5 per cent. of the total assets of the Group (as shown in the latest audited consolidated accounts of the Group); or
  - (ii) at any time whose revenues (excluding any revenues derived from Thermal Assets), as calculated from the then latest annual financial statements, audited if prepared, of that Subsidiary (consolidated in the case of a Subsidiary which itself has subsidiaries) represent not less than 5 per cent. of the consolidated revenues of the Group (as shown in the latest audited consolidated accounts of the Group).

A report by the directors of EDP that in their opinion, a Subsidiary is or is not, was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. Such report may, if requested, be accompanied by a report from the Auditors (as defined in the Trust Deed) addressed to the directors of EDP as to the proper extraction of figures used by the directors of EDP in determining a Material Subsidiary and as to the mathematical accuracy of the calculations.

**"Subsidiary"** means an entity from time to time of which EDP (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership; and

**"Thermal Assets"** means all thermal power business of the Group, including but not limited to Aboño 1, Aboño 2, Soto 4, Soto 5, Ribatejo and Lares, the respective assets (notably, power plants), liabilities and equity interests in the foregoing. Any such determination made by EDP in relation to what is a Thermal Asset shall, in the absence of manifest error, be conclusive and binding on all parties.

In addition, for the purposes of this Condition 10, where the relevant annual or audited financial statements of an entity include Thermal Assets, notwithstanding any reference to "as shown in" or "calculated from" such accounts, EDP shall adjust the numbers appearing in such accounts to reflect the financial position of the relevant entity excluding Thermal Assets or revenues derived from Thermal Assets. Such adjustment shall, in the absence of manifest error, be conclusive and binding on all parties.

11. **Enforcement**

In the case of Instruments other than Book Entry Instruments, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Trust Deed and the Instruments and any related Receipts or Coupons or the obligations of EDP under the relevant Keep Well Agreement, but it shall not be bound to take any such proceedings or any other action unless (a) it shall have been so directed by an Extraordinary Resolution of the Holders or so requested in writing by the Holders of at least one-quarter in nominal amount of the Instruments outstanding and (b) it shall have been indemnified to its satisfaction.

In the case of Book Entry Instruments, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce the obligations of the Issuer in respect of the covenants granted to the Trustee by the Issuer under the Conditions or the Trust Deed, however the Trustee shall in no circumstances be bound to do so unless (a) it shall have been so directed in writing by Holders holding not less than one quarter of the aggregate outstanding nominal amount of the Book Entry Instruments and (b) it shall have been indemnified to its satisfaction. No Holder, save for a Book Entry Instrumentholder, shall be entitled to proceed directly against the Issuer or to take proceedings to enforce the relevant Keep Well Agreement unless the Trustee, having become bound so to do, fails or unable to do so within 60 days and such failure or inability is continuing, **provided that** in the case of Book Entry Instruments, the Trustee may not but the holders thereof may at any time take such proceedings against the Issuer as they may think fit to enforce the provisions of the Book Entry Instruments and/or the Interbolsa Instrument.

12. **Replacement of Instruments, Receipts, Coupons and Talons**

Should any Instrument (other than a Book Entry Instrument), Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Instruments, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. **Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointments of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that:**

- (a) there will at all times be an Issue and Paying Agent and, in respect of Registered Instruments, a Registrar;
- (b) so long as the Instruments are listed, traded and/or quoted by or on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system;
- (c) there will at all times be a Paying Agent in jurisdiction within Europe other than the relevant Tax Jurisdiction; and
- (d) there will at all times be a Paying Agent in Portugal capable of making payment in respect of the Book Entry Instruments as contemplated by these terms and conditions of the Instruments, the Agency Agreement and applicable Portuguese law and regulation.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6 (*Payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be

of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Holders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

14. **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Instrument to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

15. **Notices**

15.1 *Bearer Instruments*: All notices regarding Bearer Instruments which are not admitted to trading on Euronext Dublin will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London and, for so long as the Instruments are admitted to trading on Euronext Dublin and the rules of that exchange so require, through the Companies Announcement Office of Euronext Dublin. Any such notice will be deemed to have been given on the date of the first publication.

15.2 *Notices to Holders of Registered Instruments*: Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

15.3 *Book Entry Instruments*: The Issuer shall comply with Portuguese law in respect of notices relating to Book Entry Instruments.

15.4 *General*: The Issuer shall also ensure that notices are duly published and/or filed in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Instruments are for the time being listed, traded and/or quoted.

15.5 *Publication not practicable*: If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

15.6 *Notices from Holders*: Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relative Instrument or Instruments, with the Issue and Paying Agent.

16. **Meetings of Holders, Modification, Waiver and Substitution**

The Trust Deed and, in relation to Book Entry Instruments only, the Interbolsa Instrument contain provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Instruments, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Holders holding not less than ten per cent. in nominal amount of the Instruments for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Instruments for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Instruments so held or represented, except that at any meeting the business of which includes the modification of certain provisions of

the Instruments, the Receipts, the Coupons or the Trust Deed (including modifying the date of maturity of the Instruments or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Instruments or altering the currency of payment of the Instruments, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Instruments for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Instruments for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Holders, to:

- (a) any modification of the Instruments, the Receipts, the Coupons or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders; or
- (b) any modification of the Instruments, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

The Trustee may also, without any consent as aforesaid, determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which, in any such case, is not in the opinion of the Trustee, materially prejudicial to the interests of the Holders.

Any such modification, waiver, authorisation or determination shall be binding on the Holders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Holders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The Trustee may, without the consent of the Holders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Instruments, the Receipts, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (a) the Instruments being unconditionally and irrevocably guaranteed by the Issuer or having the benefit of a keep well agreement from EDP on the same basis as that on which they had such benefit immediately prior to the substitution, or the substitute Issuer is EDP (b) the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

In addition, the Trustee shall be obliged in certain circumstances to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments and Benchmark Replacement Conforming Changes on the basis set out in Condition 5.4 (*Benchmark Discontinuation*) and Condition 5.2(f) (*Screen Rate Determination for Floating Rate Instruments referencing SOFR*) and any changes required under Condition 5.2(c) without the consent or approval of the Holders of the relevant Instruments or Coupons subject to the provisions therewith.

17. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further Instruments having terms and conditions the same as the Instruments or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Instruments. The Trust Deed and, in relation to Book Entry Instruments only, the Interbolsa Instrument contain provisions for convening a single meeting of the Holders and the holders of instruments of other series in certain circumstances where the Trustee so decides.

18. **Indemnification of Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee may enter into business transactions with the Issuer or any person or body corporate associated with the Issuer without accounting for any profit made or benefit received.

19. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Instrument under the Contracts (Rights of Third Parties) Act 1999.

20. **Governing Law and Submission to Jurisdiction**

20.1 *Governing law:* The Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Keep Well Agreements, the Instruments, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Keep Well Agreements, the Instruments, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law save that, with respect to Book Entry Instruments only, the form (*representação formal*) and transfer of the Instruments, creation of security over the Instruments and the Interbolsa procedures for the exercise of rights under the Book Entry Instruments are governed by, and construed in accordance with, Portuguese law.

20.2 *Submission to jurisdiction:* The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Instruments, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Instruments, the Receipts and/or the Coupons (a Dispute) and accordingly each of the Issuers, the Trustee and any holders of Instruments, Receipts or Coupons in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

Each of EDP B.V., EDP SFE and EDP irrevocably and unconditionally waived any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

To the extent allowed by law, the Trustee, the holders of Instruments, Receipts or Coupons may, in respect of any Dispute or Disputes, take: (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

20.3 *Appointment of Process Agent:* Each of EDP, EDP B.V. and EDP SFE has in the Trust Deed appointed Law Debenture Corporate Services Limited at its registered office for the time being (being at 14 September 2023 at 8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG) as its agent for service of process in any proceeding and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

20.4 *Other documents:* Each of EDP, EDP B.V. and EDP SFE has in the Agency Agreement and the Keep Well Agreements submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

## TERMS AND CONDITIONS OF SUBORDINATED INSTRUMENTS

*The following (other than any paragraphs in italics) are the Terms and Conditions of the Subordinated Instruments which as supplemented, modified or replaced in relation to any Subordinated Instruments, will be applicable to each Series of Subordinated Instruments.*

This Subordinated Instrument is one of a Series (as defined below) of Subordinated Instruments issued by EDP – Energias de Portugal, S.A. ("**EDP**" or the "**Issuer**") in book-entry form. Subordinated Instruments are integrated in the Interbolsa book-entry system and governed by these Conditions, certain provisions of a Trust Deed dated 14 March 2001 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") most recently amended and restated on or around 14 September 2023 made between *inter alios*, EDP and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee) and a deed poll given by EDP in favour of the Holders (as defined below) dated on or around 14 September 2023 (the "**Interbolsa Instrument**").

References herein to the "**Subordinated Instruments**" shall be references to the Subordinated Instruments of this Series. As used herein, "**Tranche**" means Subordinated Instruments which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Subordinated Instruments together with any further Tranche or Tranches of Subordinated Instruments which are (1) expressed to be consolidated and form a single series and (2) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Subordinated Instruments have the benefit of an Amended and Restated Issue and Paying Agency Agreement (such Amended and Restated Issue and Paying Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 14 September 2023 and made between *inter alios*, EDP, Deutsche Bank AG, London Branch as issue and principal paying agent and agent bank (the "**Issue and Paying Agent**", which expression shall include any successor agent, together with the Portuguese Paying Agent (as defined below), unless the context otherwise requires, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and the Trustee. Deutsche Bank Aktiengesellschaft – Sucursal em Portugal will be the paying agent in Portugal (the "**Portuguese Paying Agent**").

References to the "**Final Terms**" are, unless otherwise stated, to the Final Terms (or the relevant provisions thereof) prepared in relation to the Subordinated Instrument.

Subject as provided in the Interbolsa Instrument, the Trustee acts for the benefit of the Holders all in accordance with the provisions of the Trust Deed. "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear Bank SA/NV ("**Euroclear Bank**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") for the purpose of holding such accounts with Interbolsa on behalf of Euroclear Bank and Clearstream, Luxembourg.

Copies of the Trust Deed, the Agency Agreement and the Interbolsa Instrument are (i) available for inspection or collection during normal business hours at the registered office for the time being of the Trustee being, as at 14 September 2023 at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Holder following their prior written request to the Trustee or any Paying Agents and provision of proof of holding and identity (in a form satisfactory to the Trustee or the relevant Paying Agent, as the case may be). If the Subordinated Instruments are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") the Final Terms will be published on the websites of Euronext Dublin (<https://live.euronext.com/>). The Holders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Interbolsa Instrument and those provisions of the Trust Deed applicable to them.

Words and expressions defined in the Trust Deed, the Interbolsa Instrument or the Agency Agreement or used in the Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of

inconsistency between the Trust Deed or the Agency Agreement and the Final Terms, the Final Terms will prevail.

1. **Form and Denomination**

- 1.1 *Form*: The Subordinated Instruments are issued in dematerialised book-entry form (*forma escritural*) and are *nominativas* (in which case Interbolsa, at the request of the Issuer, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Holders and transmit such information to the Issuer).
- 1.2 *Registration*: The Subordinated Instruments will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**") as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**"). Each person in whose name a Subordinated Instrument is registered in the relevant individual securities accounts held with an Affiliate Member of Interbolsa (each a "**Holder**") shall be considered the holder of the principal amount of Subordinated Instruments recorded except as otherwise required by law. One or more certificates in relation to the Subordinated Instruments (each a "**Certificate**") will be delivered by the relevant Affiliate Member of Interbolsa in respect of its holding of Subordinated Instruments upon the request by the relevant Holder and in accordance with that Affiliate Member of Interbolsa's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*), as amended from time to time, including by Law no. 99-A/2021, 31 December 2021.
- 1.3 *Interest Basis*: Each Subordinated Instrument shall be a Fixed to Reset Rate Instrument.
- 1.4 *Denomination of Subordinated Instruments*: Subordinated Instruments are in the Specified Denomination or Denominations specified in the Final Terms. Subordinated Instruments of one denomination may not be exchanged for Subordinated Instruments of any other denomination.
- 1.5 *Currency of Subordinated Instruments*: The Subordinated Instruments will be denominated in Euro or in such other currency as can be settled through Interbolsa, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

2. **Title and Transfer**

Title to the Subordinated Instruments passes upon registration in the relevant individual securities accounts held with an Affiliate Member of Interbolsa. Any Holder will (except as otherwise required by law) be treated as its absolute owner for all purposes and no person will be liable for so treating the Holder. No Holder will be able to transfer Subordinated Instruments, or any interest therein, except in accordance with Portuguese laws and regulations.

3. **Status of the Subordinated Instruments**

- 3.1 *Status*: The Subordinated Instruments are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without preference among themselves.
- 3.2 *Subordination*: The claims of the Holders in respect of the Subordinated Instruments, including in respect of any claim to Deferred Interest Payments (as defined in Condition 4.3 (*Interest Deferral*)), will, in the event of the winding-up or insolvency of the Issuer (subject to and to the extent permitted by applicable law), rank:
- (a) junior to all Senior Obligations of the Issuer;
  - (b) *pari passu* with each other and with the obligations of the Issuer in respect of any Parity Security; and
  - (c) senior only to the Issuer's ordinary shares and any other class of share capital of the Issuer that ranks *pari passu* with ordinary shares (the "**Issuer Shares**").
- 3.3 *Set-off*: To the extent and in the manner permitted by applicable law, no Holder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Subordinated Instruments and



each Holder shall, by virtue of its holding of any Subordinated Instrument, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.

- 3.4 *The Trustee:* The provisions of Condition 3.2 apply only to the principal and interest and any other amounts payable in respect of the Subordinated Instruments and nothing in Condition 3.2, Condition 4.3, Condition 6 or Condition 10 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or its rights and remedies in respect thereof.

The Trustee shall have no responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest, principal or other amounts by reason of Condition 3.2, Condition 4.3 or Condition 6.

For the purposes of these Terms and Conditions:

**"Parity Security"** means: (i) any security issued by the Issuer which ranks, or is expressed to rank, *pari passu* with the Subordinated Instruments; and (ii) any security guaranteed by, or subject to the benefit of a keep well agreement or support undertaking entered into by, the Issuer where the Issuer's obligations under the relevant guarantee, keep well agreement or support undertaking rank *pari passu* with the Issuer's obligations under the Subordinated Instruments.

**"Senior Obligations"** means all obligations of the Issuer (including any obligation assumed by the Issuer under any guarantee of, or any keep well agreement) other than the obligations of the Issuer in respect of any Parity Security or the Issuer Shares.

#### 4. **Interest**

The Subordinated Instruments are Fixed to Reset Rate Instruments.

##### 4.1 *Interest on Subordinated Instruments*

- (a) *Interest Payment Dates:* Subject to any applicable increase pursuant to Condition 4.5 (*Increase in Rate of Interest*), each Subordinated Instrument bears interest:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the Initial Rate of Interest;
- (ii) from (and including) the First Reset Date to (but excluding) the first Anniversary Date at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall be payable (subject to Condition 4.3 (*Interest Deferral*)), in each case, in arrear on each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. Interest on Subordinated Instruments will be calculated on the full outstanding nominal amount of the Subordinated Instruments and shall be multiplied by the applicable Day Count Fraction and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Holders in accordance with Interbolsa's usual rules and operating procedures.

The resultant figure shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

- (b) *Notification of Rate of Interest and Interest Amounts:* The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange or other relevant authority on which the relevant Subordinated Instruments are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each

Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Subordinated Instruments are for the time being listed or by which they have been admitted to listing and to the Holders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

- (c) *Certificates to be final*: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.1, by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Issue and Paying Agent, the other Paying Agents and all Holders and (in the absence of fraud, negligence or wilful misconduct) no liability to the Issuer, or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

In these Terms and Conditions:

**"Anniversary Date"** means the date specified in the Final Terms;

**"Benchmark Frequency"** has the meaning given in the Final Terms;

**"Benchmark Gilt"** means, in respect of a Reset Period, such United Kingdom government security having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer after consultation with the Calculation Agent, on the advice of an investment bank of international repute, may determine would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in sterling and of a comparable tenor to the relevant Reset Period;

**"Benchmark Gilt Rate"** means, in respect of a Reset Period, the gross redemption yield (expressed as a percentage) of the Benchmark Gilt determined by the Calculation Agent on the basis of the gross redemption yield (expressed as a percentage and rounded up if necessary to four decimal places on a semi-annual compounding basis) of such Benchmark Gilt in respect of that Reset Period in accordance with generally accepted market practice at such time, with the yield of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day (as defined below). If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, an amount specified in the Final Terms as the "First Reset Period Fallback";

**"CMT Designated Maturity"** has the meaning given in the Final Terms;

**"CMT Rate"** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

- (i) the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity, as published in the H.15 under the caption "treasury constant

maturities (nominal)" on such Reset Determination Date, as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date;

- (ii) if the yield referred to in paragraph (i) above is not published by 4:30 p.m. (New York City time) on the CMT Rate Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15 under the caption "treasury constant maturities (nominal)" on such Reset Determination Date; or
- (iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

**"CMT Rate Screen Page"** has the meaning given in the Final Terms or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in the H.15;

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if **"Actual/Actual (ICMA)"** is specified in the Final Terms:
  - (a) in the case of Subordinated Instruments where the number of days in the relevant period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; or
  - (b) in the case of Subordinated Instruments where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if **"30/360"** is specified in the Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360; and
- (iii) if **"Actual/365"** or **"Actual/Actual (ISDA)"** is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

**"Determination Period"** means the period from and including a Determination Date to but excluding the next Determination Date;

**"First Reset Date"** means the date specified in the Final Terms;

**"First Reset Period"** means the period from (and including) the First Reset Date to (but excluding) the first Anniversary Date;

**"First Reset Period Fallback"** has the meaning given to it in the Final Terms;

**"First Reset Rate of Interest"** means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Subordinated Instruments during the First Reset Period (such calculation to be made by the Calculation Agent)), in each case subject to Condition 4.6 (*Benchmark Discontinuation*);

**"Fixed Leg"** has the meaning given in the Final Terms;

**"Floating Leg"** has the meaning given in the Final Terms;

**"H.15"** means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication;

**"Initial Rate of Interest"** has the meaning given in the Final Terms;

**"Interest Amount"** means in relation to an Interest Period, the amount of interest for that Interest Period;

**"Interest Period"** means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date;

**"Mid-Swap Quotations"** means the arithmetic mean of the bid and offered rates:

- (i) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (a) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (c) has a floating leg based on the 6 month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified in the Final Terms; or
- (ii) if the Specified Currency is not euro, for the Fixed Leg (as set out in the Final Terms) of a fixed for floating interest rate swap transaction in that Specified Currency which (a) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (c) has a Floating Leg (as set out in the Final Terms);

**"Mid-Swap Rate"** means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified in the Final Terms) mid swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period) as displayed on the Relevant Screen Page at 11.00 a.m. (in the principal financial centre of the country of the relevant Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Relevant Screen Page at such time and date, the relevant Reset Reference Bank Rate;

**"Reset Determination Date"** means, in respect of a Reset Period, (a) each date specified as such in the Final Terms or, if none is so specified, (b) (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Settlement Days prior to the first day of such Reset Period, (iii) if the Specified Currency is U.S. dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period or (iv) for any other Specified Currency, the day falling two Business Days

in the principal financial centre of the country of the relevant Specified Currency prior to the first day of such Reset Period;

**"Reset Margin"** has the meaning given in the Final Terms. Where the term **"Second Step-Up Date"** is used in the Final Terms, such term shall have the following meaning:

- (A) if, at any time between the Issue Date of the first Tranche of the Subordinated Instruments and the 30th calendar day preceding the First Reset Date, the Issuer is assigned an issuer credit rating of "BBB-" or above by Standard & Poor's and does not, on the 30th calendar day preceding the First Reset Date, have an issuer credit rating assigned to it of "BB+" (or such similar nomenclature then used by Standard & Poor's) or below, the Later Second Step-Up Date; and
- (B) otherwise the Earlier Second Step-Up Date; and

Unless the Subordinated Instruments are redeemed on or prior to the First Reset Date pursuant to Condition 6 (*Redemption and Repurchase*), the Issuer will notify the Issue and Paying Agent, the Trustee and the Holders in accordance with Condition 12 (*Notices*) that the Second Step-Up Date is either the Earlier Second Step-Up Date or the Later Second Step-Up Date, as determined by this definition, by no later than the First Reset Date. Where applicable, the terms Earlier Second Step-Up Date and Later Second Step-Up Date shall have the meanings ascribed to them in the Final Terms;

**"Reset Date"** means every date which falls on each Anniversary Date;

**"Reset Period"** means the First Reset Period or a Subsequent Reset Period;

**"Reset Rate"** means, in each case subject to Condition 4.6 (*Benchmark Discontinuation*) (a) if "Mid-Swap Rate" is specified in the Final Terms, the relevant Mid-Swap Rate, (b) if "Benchmark Gilt Rate" is specified in the Final Terms, the relevant Benchmark Gilt Rate or (c) if "CMT Rate" is specified in the Final Terms, the relevant CMT Rate;

**"Reset Reference Bank Rate"** means the percentage rate determined on the basis of (a) if "Mid-Swap Rate" is specified in the Final Terms, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. in the principal financial centre of the country of the relevant Specified Currency on the relevant Reset Determination Date or (b) if "CMT Rate" is specified in the Final Terms, the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be the last observable relevant Mid-Swap Rate or CMT Rate (as applicable) which appears on the Relevant Screen Page or the CMT Rate Screen Page (as applicable), as determined by the Calculation Agent;

**"Reset Reference Banks"** means (i) in the case of the calculation of a Reset Reference Bank Rate where "Mid-Swap Rate" is specified in the Final Terms, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of the calculation of a Reset Reference Bank Rate where "CMT Rate" is specified in the Final Terms, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York or (iii) in the case of a Benchmark Gilt Rate, five brokers of United Kingdom government securities and/or gilt-edged market makers, in each case, as selected by the Issuer and notified to the Calculation Agent;

**"Reset United States Treasury Securities"** means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity,

a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two or more United States Treasury Securities have remaining terms to maturity of no less than one year shorter than the CMT Designated Maturity, the United States Treasury Security with the longer remaining term to maturity will be used and if two or more United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used;

**"Reset United States Treasury Securities Quotations"** means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent as being a yield-to-maturity based on the arithmetic mean of the secondary market bid prices of the Reset Reference Banks for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date;

**"Subsequent Reset Period"** means each successive period other than the First Reset Period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date up to (but excluding) the Maturity Date;

**"Subsequent Reset Rate of Interest"** means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Subordinated Instruments during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)), in each case subject to Condition 4.6 (*Benchmark Discontinuation*);

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent;

**"TARGET Settlement Day"** means any day on which T2 is open for the settlement of payments in euro;

**"United States Treasury Securities"** means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis; and

**"U.S. Government Securities Business Day"** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

#### 4.2 *Accrual of interest*

Each Subordinated Instrument (or, in the case of the redemption of part only of a Subordinated Instrument, that part only of such Subordinated Instrument) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation of the relevant Certificate in respect thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (including on any Deferred Interest Payment) as provided in the Trust Deed.

#### 4.3 *Interest Deferral*

The Issuer may determine in its sole discretion not to pay the whole or any part of the relevant Interest Amount otherwise scheduled to be paid on an Interest Payment Date. Interest that the Issuer has elected not to pay shall not be due and payable and shall constitute a **"Deferred Interest Payment"**. The Issuer shall not have any obligation to pay interest on any Interest Payment Date and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of its obligations under the Subordinated Instruments or for any other purpose.

Additional interest will accrue on each Deferred Interest Payment at the then applicable Rate of Interest, and from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to (but excluding) the date on which the Deferred Interest

Payment is paid, and will be added to such Deferred Interest Payment (and thereafter accumulate additional interest accordingly) on each Interest Payment Date. Deferred Interest Payments (including any additional interest accrued thereon) will be payable in accordance with Condition 4.4 (*Payment of Deferred Interest Payments*).

If the Issuer decides not to pay the relevant Interest Amount on an Interest Payment Date, the Issuer shall notify the Holders in accordance with Condition 12 (*Notices*), the Issue and Paying Agent and the Trustee not less than five Business Days prior to such Interest Payment Date.

4.4 *Payment of Deferred Interest Payments:*

- (a) The Issuer may settle outstanding Deferred Interest Payments (in whole or in part) at any time on the giving of at least 5 Business Days' prior notice to the Holders in accordance with Condition 12 (*Notices*), the Issue and Paying Agent and the Trustee (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Deferred Interest Payments on the payment date specified in such notice).
- (b) Notwithstanding Condition 4.4(a), all outstanding Deferred Interest Payments must be settled (in whole and not in part) on a Payment Reference Date.

In these Terms and Conditions:

**"Payment Reference Date"** means the date which is the earlier of:

- (i) the date which is 10 Business Days following the occurrence of a Compulsory Payment Event;
- (ii) the next Interest Payment Date in relation to which the Issuer decides to pay the interest in full;
- (iii) the Maturity Date or the calendar day on which the Subordinated Instruments are otherwise redeemed; and
- (iv) the calendar day on which an applicable legally binding resolution or order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).

If any Payment Reference Date would fall on a calendar day which is not a Business Day, the Payment Reference Date shall be postponed to the next calendar day which is a Business Day.

Each of the following is a **"Compulsory Payment Event"**:

- (i) the shareholders of the Issuer validly approve a proposal to pay a dividend, other distribution or payment on any Issuer Shares, other than any payment in kind using Issuer Shares;
- (ii) the Issuer redeems, or the Issuer or any of its Subsidiaries purchases or otherwise acquires, any Issuer Shares for any consideration, except pursuant to the terms of any instrument which converts into Issuer Shares or in connection with the satisfaction by the Issuer of its obligations under any existing or future buy-back programme, share option or free share allocation plan or employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants;
- (iii) the Issuer or any of its Subsidiaries makes any payment of interest, dividend or other distribution or payment on any Parity Securities; and
- (iv) the Issuer redeems, or the Issuer or any of its Subsidiaries purchases or otherwise acquires, any of the Subordinated Instruments or any Parity Securities for any consideration, except pursuant to the terms of any instrument which converts into Issuer Shares or Parity Securities,

provided that, in the case of (iii) and (iv) above, no Compulsory Payment Event will occur if: (x) the Issuer or any of its Subsidiaries are obliged under these Terms and Conditions or under the terms and conditions of such Parity Securities to make such payment, redemption, purchase or other acquisition; or (y) the Issuer or any of its Subsidiaries repurchases or otherwise acquires any Subordinated Instruments or any Parity Securities in an open-market tender offer or exchange offer at a consideration per Subordinated Instrument or Parity Security below its respective par value; or (z) the Issuer makes any pro rata payment of deferred interest on any Parity Securities which is made simultaneously with a *pro rata* Deferred Interest Payment provided that such *pro rata* payment on any Parity Securities is not proportionately more than the *pro rata* Deferred Interest Payment.

#### 4.5 *Increase in Rate of Interest*

Unless an irrevocable notice to redeem the Subordinated Instruments has been given to Holders by the Issuer pursuant to Condition 6.6 (*Redemption upon a Change of Control Event*) on or before the 55th calendar day following the first occurrence of a Change of Control Event (as defined in Condition 6.6 (*Redemption upon a Change of Control Event*)), the Rate of Interest will increase once by the Change of Control Step-Up Margin specified in the Final Terms with effect from (and including) the 55th calendar day following the date on which that Change of Control Event occurred. The occurrence of the Change of Control Event will be notified by the Issuer to the Holders in accordance with Condition 12 (*Notices*) and to the Issue and Paying Agent and the Trustee by no later than the 15th Business Day following the relevant Change of Control Event. For the avoidance of doubt, the Rate of Interest will not increase by reason of any subsequent Change of Control Event.

#### 4.6 *Benchmark Discontinuation*

- (a) Notwithstanding the operation of Condition 4.1 (*Interest on Subordinated Instruments*), if EDP determines that a Benchmark Event has occurred, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to an Original Reference Rate, then the following provisions shall apply.
- (b) EDP shall use its reasonable endeavours to appoint an Independent Adviser, no later than 5 Business Days prior to the Reset Determination Date relating to the next succeeding Reset Period, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.6(c)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4.6(d)) and any Benchmark Amendments (in accordance with Condition 4.6(e)).

For the avoidance of doubt, the Independent Adviser if acting in good faith and, in the absence of bad faith or fraud, shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Holders for any determination made by it pursuant to this Condition 4.6.

If (i) EDP is unable, having used its reasonable endeavours, to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate and, in each case, an Adjustment Spread and any related Benchmark Amendments, and notify the Issue and Paying Agent or the Calculation Agent (as applicable) of such determination, in accordance with this Condition 4.6 prior to the date which is 5 Business Days prior to the relevant Reset Determination Date, the Original Reference Rate applicable to the immediate following Reset Period shall be equal to the last observable Original Reference Rate on the Relevant Screen Page, as determined by the Calculation Agent (where applicable) or otherwise the provisions of Condition 4.1 shall apply.

For the avoidance of doubt, any adjustment pursuant to this final paragraph of Condition 4.6 shall apply to the immediately following Reset Period only. Any subsequent Reset Period may be subject to the subsequent operation of this Condition 4.6.



- (c) If the Independent Adviser determines in its discretion that:
  - (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.6(d)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest for the immediately following Reset Period and all following Reset Periods, subject to the subsequent operation of this Condition 4.6; or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.6(d)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest for the immediately following Reset Period and all following Reset Periods, subject to the subsequent operation of this Condition 4.6.
- (d) If a Successor Rate or Alternative Rate is determined in accordance with Condition 4.6(c), the Independent Adviser shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be), subject to the subsequent further operation and adjustment as provided in this Condition 4.6. For the avoidance of doubt, an Adjustment Spread may be positive, negative or zero.
- (e) If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.6 and the Independent Adviser determines in its discretion:
  - (A) that amendments to these Conditions, the Trust Deed, the Interbolsa Instrument and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**"); and
  - (B) the terms of the Benchmark Amendments,

then EDP shall, subject to giving notice thereof in accordance with Condition 4.6(f), without any requirement for the consent or approval of relevant Holders, vary these Conditions, the Trust Deed, the Interbolsa Instrument or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

The Trustee, the Calculation Agent and the Issue and Paying Agent shall, at the request and expense of EDP and without the requirement for any consent or approval of the Holders, concur with EDP in effecting any Benchmark Amendments as may be required in order to give effect to this Condition 4.6(e), subject to receipt by the Trustee of the certificate referred to in Condition 4.6(g) below, *provided however*, that neither the Trustee, the Calculation Agent nor the Issue and Paying Agent shall be obliged so to concur if in the reasonable opinion of the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) doing so would have the effect of (i) exposing the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) imposing more onerous obligations upon the Trustee, the Calculation Agent or the Issue and Paying Agent (as applicable) or expose them to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions in these Terms and Conditions, the Agency Agreement or the Trust Deed.

- (f) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.6 will be notified promptly by the Issuer to the Trustee, the Paying Agents, the Calculation Agent and, in accordance with Condition 12 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

- (g) No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two of its Directors:
- (A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4.6; and
  - (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof.

- (h) The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any)) be binding on the Issuer, the Trustee, the Paying Agents, the Calculation Agent and the Holders.
- (i) Without prejudice to the obligations of EDP under Condition 4.6(b), (c), (d) and (e), the Original Reference Rate and the fallback provisions provided for in Condition 4.1 (*Interest on Subordinated Instruments*) will continue to apply unless and until the Calculation Agent or the person specified in the Final Terms as the party responsible for calculating the Rate of Interest has been notified of the Successor Rate or the Alternative Rate (as the case may be), the applicable Adjustment Spread and Benchmark Amendments (if applicable), in accordance with Condition 4.6(f)
- (j) If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Calculation Agent pursuant to Condition 4.6(f), and the Calculation Agent is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest (or any component part thereof), it shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing (which direction may be by way of a written determination of an Independent Advisor) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Rate of Interest. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Calculation Agent remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest (or any component part thereof), the Original Reference Rate and the fallback provisions provided for in Condition 4.1 (*Interest on Subordinated Instruments*) will continue to apply.
- (k) No Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Agency Event to occur.

In this Condition 4.6, "**Original Reference Rate**" means the originally specified benchmark or screen rate (as applicable) used to determine the relevant Rate of Interest (or any component part thereof) on the Subordinated Instruments and, where the context so permits, includes any Successor Rate or Alternative Rate that has replaced the Original Reference Rate. As used in this Condition 4.6:

"**Adjustment Spread**" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser

determines and notifies to the Issue and Paying Agent and the Calculation Agent (as applicable) is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made, or in the case of an Alternative Rate), the Independent Adviser determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) (if the Independent Adviser determines that no such industry standard is recognised or acknowledged) the Independent Adviser determines to be appropriate.

**"Alternative Rate"** means an alternative benchmark or screen rate which the Independent Adviser determines and notifies to the Issue and Paying Agent and Calculation Agent (as applicable) in accordance with Condition 4.6(c) has replaced the Original Reference Rate (or the relevant component part thereof) in customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the Specified Currency.

**"Benchmark Event"** means:

- (A) the relevant Original Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the relevant Original Reference Rate that it has ceased, or will, by a specified date within the following six months, cease, publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the relevant Original Reference Rate that such Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the relevant Original Reference Rate that means that such Original Reference Rate will, by a specified date within the following six months, be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Subordinated Instruments; or
- (E) a public statement by the supervisor of the administrator of the relevant Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is no longer representative of an underlying market; or
- (F) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Holder using the relevant Original Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by EDP at its own expense under Condition 4.6(b).

**"Relevant Nominating Body"** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Successor Rate"** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. **Payments**

5.1 *Method of payment:* Subject and except as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred).

Subject always to Condition 7 (*Taxation*), payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.2 *Payment to registered account of the holders:* Payments in respect of the Subordinated Instruments will be made by transfer to the registered account of the Holders maintained by or on behalf of them with a bank that processes payments in the relevant currency, details of which appear in the records of the relevant Affiliate Members of Interbolsa at the close of business on the Payment Day (as defined in Condition 5.3 (*Payment Day*) below) before the due date for payment of principal and/or interest.

5.3 *Payment Day:* If the date for payment of any amount in respect of any Subordinated Instrument is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Financial Centre specified in the Final Terms and in Portugal; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, and any Additional Financial Centre) or (2) in relation to any sum payable in euro, a day on which T2 is open.

5.4 *Interpretation of principal and interest:* Any reference in these Terms and Conditions to principal in respect of the Subordinated Instruments shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertakings or covenants given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Subordinated Instruments;
- (iii) the Early Redemption Amount (Additional Amounts) of the Subordinated Instruments;
- (iv) the Early Redemption Amount (Tax, Rating Agency or Accounting) of the Subordinated Instruments;
- (v) the Early Redemption Amount (Change of Control) of the Subordinated Instruments;
- (vi) the Early Redemption Amount (Event of Default) of the Subordinated Instruments;
- (vii) the Optional Redemption Amount(s) (if any) of the Subordinated Instruments; and
- (viii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Subordinated Instruments.

Any reference in these Terms and Conditions to interest (including in relation to any Deferred Interest Payments and any additional interest on such Deferred Interest Payments) in respect of the Subordinated Instruments shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertakings or covenants given in addition thereto or in substitution thereof pursuant to the Trust Deed.

## 6. **Redemption and Purchase**

6.1 *Redemption at maturity:* Unless previously redeemed or purchased and cancelled as specified below, each Subordinated Instrument will be redeemed by the Issuer at its outstanding nominal amount together with any outstanding Deferred Interest Payments in the relevant Specified Currency on the Maturity Date.

6.2 *Redemption for tax reasons:* Subject to Condition 6.7 (*Early Redemption Amounts*), the Subordinated Instruments may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 60 days' notice to the Trustee, the Issue and Paying Agent and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (i) on the occasion of the next payment due under the Subordinated Instruments, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the relevant Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any political subdivision of, or any authority in, or of, the relevant Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Subordinated Instruments; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

**provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Subordinated Instruments then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee (1) a certificate signed by two Directors of EDP stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent

legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Holders.

Subordinated Instruments redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount (Additional Amounts) referred to in Condition 6.7 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to but excluding the date of redemption and any outstanding Deferred Interest Payments.

6.3 *Redemption at the option of the Issuer (Issuer Call)*: If Issuer Call is specified as being applicable in the Final Terms, the Issuer may, having given:

- (i) not less than 10 days nor more than 60 days' notice to the Holders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issue and Paying Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or, if so provided, some only of the Subordinated Instruments at any time or from time to time on the relevant Optional Redemption Date at, unless otherwise specified in the Final Terms, the Optional Redemption Amount together, if appropriate, with any interest accrued on the Subordinated Instruments to, but excluding, the Optional Redemption Date and any outstanding Deferred Interest Payments. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Subordinated Instruments stated in the Final Terms or, if Make-Whole Redemption Amount is specified in the Final Terms, will be calculated by the Determination Agent and will be the greater of (x) 100 per cent. of the principal amount of the Subordinated Instruments so redeemed and (y) the sum of the then present values of each remaining scheduled payments of principal and interest on such Subordinated Instruments to maturity or (if earlier and applicable) the next occurring date on which the Subordinated Instruments may be redeemed pursuant to this Condition 6.3 at their principal amount (assuming for this purpose that the Subordinated Instruments are scheduled to mature on the next occurring date on which the Subordinated Instruments may be redeemed pursuant to this Condition 6.3 at their principal amount) (not including any interest accrued on the Subordinated Instruments to, but excluding, the relevant Optional Redemption Date or any outstanding Deferred Interest Payments) discounted to the relevant Optional Redemption Date on an annual basis at the Make-Whole Redemption Rate plus the Make-Whole Redemption Margin, if any, specified in the Final Terms.

Partial Redemption of Subordinated Instruments shall be made in accordance with the applicable Interbolsa rules.

All Subordinated Instruments in respect of which any such notice of redemption is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.3.

For the purposes of this Condition 6.3:

**"Determination Agent"** means an independent adviser, investment bank or financial institution of recognised standing selected by the Issuer;

**"Make-Whole Redemption Rate"** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

**"Reference Bond"** shall be as set out in the Final Terms or, if no such bond is set out in the Final Terms or if such bond is no longer outstanding, shall be the Selected Reference Bond;

**"Reference Bond Price"** means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**"Reference Date"** will be set out in the relevant notice of redemption;

**"Reference Government Bond Dealer"** means each of five banks selected by the Issuer (or the Determination Agent, acting at its request), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**"Reference Government Bond Dealer Quotations"** mean, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer;

**"Selected Reference Bond"** means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable to either the remaining term of the Subordinated Instruments or (if earlier and applicable) the next occurring date on which the Subordinated Instruments may be redeemed pursuant to this Condition 6.3 at their principal amount, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Subordinated Instruments and of a comparable maturity to either the remaining term of the Subordinated Instruments or (if earlier and applicable) the next occurring date on which the Subordinated Instruments may be redeemed pursuant to this Condition 6.3 at their principal amount.

6.4 *Redemption at the option of the Issuer (Clean-up Call):* If Clean-up Call is specified as being applicable in the Final Terms, in the event that Subordinated Instruments representing an aggregate amount equal to or exceeding the Minimum Percentage (as specified in the Final Terms, being a percentage of the initial aggregate principal amount of that particular Series of Subordinated Instruments (including any Subordinated Instruments which have been consolidated and form a single Series therewith)) have been purchased by EDP or any subsidiary of EDP and cancelled or redeemed by the Issuer, the Issuer may, having given:

- (i) not less than 10 days nor more than 60 days' notice to the Holders in accordance with Condition 12 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issue and Paying Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem the Subordinated Instruments then outstanding in whole (but not in part) on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Final Terms together, if appropriate, with interest accrued to but excluding the relevant Optional Redemption Date and any outstanding Deferred Interest Payments.

All Subordinated Instruments in respect of which any such notice of redemption is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.4.

6.5 *Early redemption due to a Tax Event, a Rating Agency Event or an Accounting Event:* Subject to Condition 6.7 (*Early Redemption Amounts*), if a Tax Event, a Rating Agency Event or an Accounting Event occurs, the Issuer may redeem the Subordinated Instruments in whole (but not in part) at any time at the Early Redemption Amount (Tax, Rating Agency or Accounting) referred to in Condition 6.7 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to but excluding the date of redemption and any outstanding Deferred Interest Payments on the giving of not less than 10 and not more than 60 calendar days' irrevocable notice of

redemption to the Holders in accordance with Condition 12 (*Notices*) and to the Trustee and Issue and Paying Agent (which notice shall be irrevocable).

In the case of a Tax Event: (i) no such notice of redemption may be given earlier than 90 calendar days prior to the earliest calendar day on which payments by the Issuer on the Subordinated Instruments would no longer be fully deductible for Portuguese corporate income tax purposes were a payment in respect of the Subordinated Instruments then due; and (ii) prior to the giving of any such notice of redemption, the Issuer shall obtain an opinion from an independent legal adviser or recognised independent tax counsel which states that a Tax Event has occurred and deliver it to the Issue and Paying Agent for inspection by Holders during normal business hours.

In these Terms and Conditions:

a "**Tax Event**" will occur if, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of the relevant Tax Jurisdiction or any political subdivision or any taxing authority thereof or therein, or the way in which the Subordinated Instruments are recorded in the consolidated financial statements of the Issuer due to a change or amendment in applicable accounting standards, which is enacted, promulgated, issued or otherwise becomes effective on or after the Issue Date of the last Tranche of the Subordinated Instruments; or
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or otherwise becomes effective on or after the Issue Date of the last Tranche of the Subordinated Instruments; or
- (iii) any new official interpretation or pronouncement with respect to such laws or regulations or a generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the Issue Date of the last Tranche of the Subordinated Instruments,

payments by the Issuer on the Subordinated Instruments would or will no longer be fully deductible by the Issuer for corporate income tax purposes in the relevant Tax Jurisdiction and such risk cannot be avoided by the Issuer taking reasonable measures available to it.

A "**Rating Agency Event**" shall occur if the Issuer has received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in the assessment criteria under its hybrid capital methodology or in the interpretation thereof, in each case occurring or becoming effective after the Issue Date of the last Tranche of the Subordinated Instruments, any or all of the Subordinated Instruments will no longer be eligible (or if the Subordinated Instruments have been partially or fully re-financed since the Issue Date of the last Tranche of the Subordinated Instruments and are no longer eligible for equity credit from such Rating Agency in part or in full as a result, any or all of the Subordinated Instruments would no longer have been eligible as a result of such amendment to, clarification of or, change in the assessment criteria or in the interpretation thereof had they not been re-financed) for the same or a higher amount of "equity credit" as was attributed to the Subordinated Instruments as at the Issue Date of the last Tranche of the Subordinated Instruments (or, if equity credit is not assigned to the Subordinated Instruments by the relevant Rating Agency on the Issue Date of the last Tranche of the Subordinated Instruments, the date on which equity credit is assigned by such Rating Agency for the first time) or if the period of time during which the relevant Rating Agency attributes to the Subordinated Instruments a particular category of "equity credit" would be shortened as compared to the period of time for which such Rating Agency did attribute to the Subordinated Instruments that category of "equity credit" on the date on which such Rating Agency attributed to the Subordinated Instruments such category of "equity credit" for the first time.

An "**Accounting Event**" shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a



change in accounting principles (or the application thereof) which have been officially adopted by the International Accounting Standards Board (or any other body responsible for International Financial Reporting Standards ("**IFRS**") or any other accounting standards that may replace IFRS) after the Issue Date of the last Tranche of the Subordinated Instruments (such date of adoption being the "**Accounting Event Adoption Date**"), the obligations of the Issuer under the Subordinated Instruments must not or may no longer be recorded as a "financial liability" in the audited annual consolidated financial statements of the Issuer prepared in accordance with IFRS or any other accounting standards that the Issuer may adopt in the future for the preparation of its audited annual consolidated financial statements in accordance with Portuguese company law. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date.

- 6.6 *Redemption upon a Change of Control:* Subject to Condition 6.7 (*Early Redemption Amounts*), the Subordinated Instruments may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 60 day' notice to the Trustee, the Issue and Paying Agent and, in accordance with Condition 12 (*Notices*), the Holders (which notice shall be irrevocable), if a Change of Control Event occurs.

Such notice of redemption may only be given simultaneously with or after a notification by the Issuer in accordance with Condition 12 (*Notices*) that a Change of Control Event has occurred.

Subordinated Instruments redeemed pursuant to this Condition 6.6 will be redeemed at their Early Redemption Amount (Change of Control) referred to in Condition 6.7 (*Early Redemption Amounts*) below together (if appropriate) with interest accrued to but excluding the date of redemption and any outstanding Deferred Interest Payments.

*If a Change of Control Event occurs in respect of which the Issuer intends to deliver a notice exercising its right to redeem the Subordinated Instruments, the Issuer intends (without thereby assuming a legal obligation) as soon as reasonably practicable following such Change of Control Event to make sure an offer to all holders of the Relevant Securities to repurchase their respective securities at the lower of:*

- (a) *their respective market values; and*
- (b) *their respective aggregate nominal amounts together with any distribution accrued until the day of completion of the repurchase.*

*The Issuer will make such tender offer in such a way as to ensure that the repurchase of any such Relevant Securities tendered to it will be effected prior to any redemption of the Subordinated Instruments.*

*"Relevant Securities" means any current or future indebtedness of the Issuer to Senior Creditors in the form of, or represented or evidenced by, bonds, notes debentures or other similar securities or instruments (or a guarantee, keep well agreement or support undertaking in respect thereof) which does not include protection for the holders thereof (for example, in the form of a put option) in the event of a change of control of the Issuer (however defined).*

*"Senior Creditors" means all unsubordinated creditors, present and future, of the Issuer and all subordinated creditors of the Issuer other than those whose claims (whether only in the event of the winding-up or insolvency of the Issuer or otherwise) rank, or are expressed to rank, pari passu with or junior to the claims of the Holders.*

For the purposes of these Terms and Conditions:

A "**Change of Control Event**" shall occur if a Change of Control results in a Rating Downgrade within the Change of Control Period.

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Executive Board of Directors or General and Supervisory Board of EDP) that any person (or persons) ("**Relevant Person(s)**") acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly:

- (i) acquires or becomes entitled to exercise control over EDP; or
- (ii) acquires or owns, directly or indirectly more than 50 per cent. of the issued voting share capital of EDP,

**provided that** the foregoing shall not include the control, or ownership of issued voting share capital, exercisable by and/or owned by the Portuguese Republic, or by the Portuguese Republic and/or by any entity or entities (together or individually) controlled by the Portuguese Republic from time to time, or in respect of which the Portuguese Republic owns directly or indirectly more than 50 per cent. of the issued voting share capital.

A Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person(s) are also, or immediately prior to the event which would otherwise constitute a Change of Control were, all of the shareholders of EDP.

**"Change of Control Period"** means the period ending 120 days after the Date of Announcement.

**"Date of Announcement"** means the date of the public announcement that a Change of Control has occurred.

**"Investment Grade Rating"** means a rating of at least BBB- (or equivalent thereof) in the case of S&P or a rating of at least BBB- (or equivalent thereof) in the case of Fitch or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's or the equivalent in the case of any other Rating Agency.

**"Investment Grade Securities"** means Rated Securities which have an Investment Grade Rating from each Rating Agency that assigns a rating to such Rated Securities.

**"Rated Securities"** means:

- (i) securities specified as such in the Final Terms; or
- (ii) such other comparable long-term debt of the Issuer or any Subsidiary selected by the Issuer from time to time for the purpose of this definition which possesses a rating by any Rating Agency.

**"Rating Agency"** means (a) for the purpose of Condition 4.5 (*Increase in Rate of Interest*), S&P Global Ratings Europe Limited (French Branch) ("**S&P**"), Fitch Ratings Limited ("**Fitch**") and Moody's Investors Services Limited ("**Moody's**") or any of their respective successors or affiliates or any other rating agency of equivalent international standing specified from time to time by EDP; and (b) for the purposes of Condition 6.6 (*Redemption upon a Change of Control Event*), any of S&P, Fitch or Moody's.

**"Rating Downgrade"** means either:

- (i) within the Change of Control Period:
  - (a) any rating assigned to the Rated Securities is withdrawn; or
  - (b) (if the Rated Securities are Investment Grade Securities as at the Date of Announcement) the Rated Securities cease to be Investment Grade Securities; or
  - (c) (if the rating assigned to the Rated Securities by any Rating Agency which is current at the Date of Announcement is below an Investment Grade Rating) that rating is lowered one full rating notch by any Rating Agency (for example from BB+ to BB by S&P or Fitch and Ba1 to Ba2 by Moody's or such similar lower of equivalent rating),

**provided that** no Rating Downgrade shall occur by virtue of a particular withdrawal of or reduction in rating unless the Rating Agency withdrawing or making the reduction in the rating announces or confirms that the withdrawal or reduction was the result, in whole or in part, of the relevant Change of Control; or

- (ii) if at the time of the Date of Announcement, there are no Rated Securities and either:
  - (a) EDP does not use all reasonable endeavours to obtain, within 45 days of the Date of Announcement, from a Rating Agency a rating for the Rated Securities; or
  - (b) if EDP does use such endeavours, but, as a result of such Change of Control, at the expiry of the Change of Control Period there are still no Investment Grade Securities and the Rating Agency announces or confirms in writing that its declining to assign an Investment Grade Rating was the result, in whole or in part, of the relevant Change of Control.

6.7 *Early Redemption Amounts:* For the purpose of Condition 6.2 (*Redemption for tax reasons*), Condition 6.5 (*Early Redemption due to a Tax Event, a Rating Agency Event or an Accounting Event*), Condition 6.6 (*Redemption upon a Change of Control Event*) above and Condition 9 (*Events of Default*), each Subordinated Instrument will be redeemed at the specified early redemption amount (the "**Early Redemption Amount**") (which shall be, as applicable, the Early Redemption Amount (Additional Amounts), the Early Redemption Amount (Tax, Rating Agency or Accounting), the Early Redemption Amount (Change of Control) or the Early Redemption Amount (Event of Default) calculated at the amount specified in the Final Terms or, if no such amount is so specified in the Final Terms, at its nominal amount.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of the Day Count Fraction specified in the Final Terms which will be either (1) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Subordinated Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Subordinated Instrument becomes due and repayable and the denominator will be 360) or (2) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Subordinated Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Subordinated Instrument becomes due and repayable and the denominator will be 360) or (3) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Subordinated Instruments to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Subordinated Instrument becomes due and repayable and the denominator will be 365).

6.8 *Purchases:* EDP or any subsidiary of EDP may at any time purchase Subordinated Instruments at any price in the open market or otherwise. Such Subordinated Instruments may be held, reissued, resold or, at the option of EDP or the relevant subsidiary of EDP, surrendered to any Paying Agent for cancellation.

6.9 *Cancellation:* All Subordinated Instruments which are redeemed will forthwith be cancelled in accordance with Interbolsa regulations. All Subordinated Instruments so cancelled and Instruments purchased and cancelled pursuant to Condition 6.8 (*Purchases*) above cannot be reissued or resold.

6.10 *No Holder right of redemption*

A holder does not have the right to (a) require any Subordinated Instrument to be declared due and payable (without prejudice to Condition 9 (*Events of Default*)) and/or (b) require the Issuer to redeem the Subordinated Instruments.

## 7. **Taxation**

All payments of principal and interest in respect of the Subordinated Instruments by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the relevant Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Subordinated Instruments after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect

of the Subordinated Instruments in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Subordinated Instrument:

- (i) presented for payment by or on behalf of a Beneficial Owner who is liable for such taxes or duties in respect of such Subordinated Instrument by reason of his having some connection with the relevant Tax Jurisdiction other than the mere holding of such Subordinated Instrument;
- (ii) presented for payment by or on behalf of a Beneficial Owner of Instruments, who would not be liable for or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (iii) presented for payment by or on behalf of a Beneficial Owner of Subordinated Instruments in respect of whom the information required in order to comply with the special tax regime approved by Decree-Law no. 193/2005 of 7 November ("**Decree-Law no. 193/2005**"), and any implementing legislation, is not received prior to the Relevant Date;
- (iv) presented for payment by or on behalf of a Beneficial Owner of Subordinated Instruments resident for tax purposes in the Tax Jurisdiction, or a resident in a country, territory or region subject to clearly a more favourable tax regime included in the list approved by Order no. 150/2004, of 13 February 2004 (*Portaria do Ministro das Finanças e da Administração Pública no. 150/2004*) as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, with the exception of (a) central banks and governmental agencies as well as international institutions recognised by the Tax Jurisdiction of those tax haven jurisdictions and (b) tax haven jurisdictions which have a double taxation treaty in force or a tax information exchange agreement in force with Portugal, **provided that** all procedures and all information required under Decree-Law no. 193/2005 regarding (a) and (b) above are complied with;
- (v) presented for payment by or on behalf of (1) a Portuguese resident legal entity subject to Portuguese corporation tax (with the exception of entities that benefit from a Portuguese withholding tax waiver or from Portuguese income tax exemptions), or (2) a non-resident legal person with a permanent establishment in Portugal to which the income or gains obtained from the Subordinated Instruments are attributable (with the exception of entities which benefit from a Portuguese withholding tax waiver);
- (vi) presented for payment by or on behalf of, a Holder (i) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent directly from the Holders before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (ii) who is resident in one of the contracting states; or
- (vii) where such deduction or withholding is required pursuant to the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) and any intergovernmental agreement or implementing legislation adopted by another jurisdiction or any agreement with the U.S. Internal Revenue Service in connection with these provisions.

As used in these Terms and Conditions:

- (i) "**Tax Jurisdiction**" means the Portuguese Republic or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax in which EDP becomes tax resident;
- (ii) the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 12 (*Notices*); and

- (iii) "**Beneficial Owner**" means the holder of the Subordinated Instruments who is the effective beneficiary of the income attributable thereto.

8. **Prescription**

The Subordinated Instruments will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

9. **Events of Default**

If any one or more of the following events (each an "**Event of Default**") shall occur and is continuing then Holders holding not less than one quarter of the aggregate outstanding nominal amount of the Subordinated Instruments may, by written notice addressed to the Issuer, declare the Subordinated Instruments immediately due and payable, whereupon the Subordinated Instruments shall become immediately due and payable at their Early Redemption Amount (Event of Default) (as described in Condition 6.7 (*Early Redemption Amounts*)) together with accrued interest (as provided in the Interbolsa Instrument) and any outstanding Deferred Interest Payments without further action or formality:

- (i) upon the initiation of, or consent to, the liquidation, winding-up or dissolution of the Issuer or if the Issuer admits in writing its inability to pay its debts as and when the same fall due; or
- (ii) upon the application to any court (that remains undischarged for sixty days) for, or the making by any court of, an insolvency order against the Issuer; or
- (iii) upon the appointment by any court of an insolvency administrator or other similar officer over all or any part of the Issuer's assets (that remains undischarged for sixty days); or
- (iv) if default is made in the payment of any principal or interest amount that is due and payable in respect of the Subordinated Instruments or any of them and the default continues for a period of 30 days,

provided that no such event shall constitute an Event of Default if it is being contested in good faith by appropriate means by the Issuer and the Issuer has been advised by recognised independent legal advisers of good repute that it is reasonable to do so.

10. **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Issuer to enforce the obligations of the Issuer in respect of the covenants granted to the Trustee by the Issuer under these Terms and Conditions or the Trust Deed, however the Trustee shall in no circumstances be bound to do so unless (a) it shall have been so directed in writing by Holders holding not less than one quarter of the aggregate outstanding nominal amount of the Subordinated Instruments and (b) it shall have been indemnified to its satisfaction. The Trustee may not but the holders thereof may at any time take such proceedings against the Issuer as they may think fit to enforce the provisions of the Subordinated Instruments and/or the Interbolsa Instrument.

11. **Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that:**

- (a) there will at all times be an Issue and Paying Agent;

- (b) so long as the Subordinated Instruments are listed, traded and/or quoted by or on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system;
- (c) there will at all times be a Paying Agent in Portugal capable of making payment in respect of the Subordinated Instruments as contemplated by these Terms and Conditions, the Agency Agreement and applicable Portuguese law and regulation.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Holders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## 12. Notices

- 12.1 *Compliance with Portuguese law:* The Issuer shall comply with Portuguese law in respect of notices relating to Subordinated Instruments.
- 12.2 *General:* The Issuer shall also ensure that notices are duly published and/or filed in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Subordinated Instruments are for the time being listed, traded and/or quoted.
- 12.3 *Publication not practicable:* If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.
- 12.4 *Notices from Holders:* Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relative Subordinated Instrument or Subordinated Instruments, with the Issue and Paying Agent.

## 13. Meetings of Holders, Modification, Waiver and Substitution

The Trust Deed and the Interbolsa Instrument contain provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Subordinated Instruments or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Holders holding not less than ten per cent. in nominal amount of the Subordinated Instruments for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Subordinated Instruments for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Subordinated Instruments so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Subordinated Instruments or the Trust Deed (including modifying the date of maturity of the Subordinated Instruments or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Subordinated Instruments or altering the currency of payment of the Subordinated Instruments), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Subordinated Instruments for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Subordinated Instruments for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Holders, to:

- (a) any modification of the Subordinated Instruments or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders; or
- (b) any modification of the Subordinated Instruments or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification, waiver, authorisation or determination shall be binding on the Holders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Holders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The Trustee may, without the consent of the Holders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 13) as the principal debtor under the Subordinated Instruments and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (a) the Subordinated Instruments being unconditionally and irrevocably guaranteed by the Issuer or having the benefit of a keep well agreement by the Issuer, (b) the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

In addition, the Trustee shall be obliged in certain circumstances to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments on the basis set out in Condition 4.6 (*Benchmark Discontinuation*) without the consent or approval of the Holders of the relevant Subordinated Instruments subject to the provisions therewith.

In these Terms and Conditions, "**Subsidiary**" means an entity from time to time of which EDP (a) has the right to appoint the majority of the members of the board of directors or similar board or (b) owns directly or indirectly more than 50 per cent. of the share capital or similar right of ownership.

#### 14. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further Subordinated Instruments having terms and conditions the same as the Subordinated Instruments or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Subordinated Instruments. The Trust Deed and the Interbolsa Instrument contain provisions for convening a single meeting of the Holders and the holders of instruments of other series in certain circumstances where the Trustee so decides.

#### 15. **Indemnification of Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee may enter into business transactions with the Issuer or any person or body corporate associated with the Issuer without accounting for any profit made or benefit received.

16. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of this Subordinated Instrument under the Contracts (Rights of Third Parties) Act 1999.

17. **Governing Law and Submission to Jurisdiction**

17.1 *Governing law:* The Trust Deed, the Interbolsa Instrument, the Agency Agreement, the Subordinated Instruments, and any non-contractual obligations arising out of or in connection with the Trust Deed, the Interbolsa Instrument, the Agency Agreement and the Subordinated Instruments are governed by, and shall be construed in accordance with, English law save that, each of Condition 3 (*Status of the Subordinated Instruments*) and the form (*representação formal*) and transfer of the Subordinated Instruments, creation of security over the Subordinated Instruments and the Interbolsa procedures for the exercise of rights under the Subordinated Instruments are governed by, and construed in accordance with, Portuguese law.

17.2 *Submission to jurisdiction:* The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and the Subordinated Instruments, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Subordinated Instruments (a "**Dispute**") and accordingly each of the Issuers, the Trustee and any holders of Subordinated Instruments in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

EDP irrevocably and unconditionally waived any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

To the extent allowed by law, the Trustee, the holders of Subordinated Instruments may, in respect of any Dispute or Disputes, take: (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

17.3 *Appointment of Process Agent:* EDP has in the Trust Deed appointed Law Debenture Corporate Services Limited at its registered office for the time being (being at 14 September 2023 at 8th Floor, 100 Bishopsgate, London EC2N 4AG) as its agent for service of process in any proceeding and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

17.4 *Other documents:* EDP has in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.



**PROVISIONS RELATING TO THE INSTRUMENTS (OTHER THAN BOOK ENTRY  
INSTRUMENTS) WHILE IN GLOBAL FORM**

**Form of Instruments**

(A) *Relationship of Accountholders with Clearing Systems*

Each of the persons shown in the records of Euroclear Bank, Clearstream, Luxembourg or any other clearing system as the holder of an Instrument represented by a Global Instrument (which expression includes a Temporary Global Instrument and a Permanent Global Instrument) must look solely to Euroclear Bank, Clearstream, Luxembourg or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer to the bearer of such Global Instrument (or the registered holder of the Global Registered Instrument, as the case may be), and in relation to all other rights arising under the Global Instruments, subject to and in accordance with the respective rules and procedures of Euroclear Bank, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Instruments for so long as the Instruments are represented by such Global Instrument or Global Registered Instrument and such obligations of the Issuer will be discharged by payment to the bearer of such Global Instrument (or the registered holder of the Global Registered Instrument, as the case may be), in respect of each amount so paid. References in these provisions relating to the Instruments in global form to "**holder**" or "**accountholder**" are to those persons shown in the records of the relevant clearing system as a holder of an Instrument.

(B) *Form and Exchange – Bearer Global Instruments*

- (1) TEFRA D or TEFRA C: The Final Terms shall specify whether U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") or U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") shall apply, or specify if TEFRA is not applicable. Each Tranche of Bearer Instruments is represented upon issue by a temporary global Instrument (a "**Temporary Global Instrument**"), unless the Final Terms specifies otherwise and the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Instruments specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Final Terms) represented upon issue by a Permanent Global Instrument.

The Global Instruments will:

- (i) if the Global Instruments are intended to be issued in new global note ("**NGN**") form, as stated in the Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank and Clearstream, Luxembourg; and
- (ii) if the Global Instruments are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary for, Euroclear Bank and Clearstream, Luxembourg.

Interests in a Temporary Global Instrument may be exchanged for:

- (i) interests in a permanent global Instrument (a "**Permanent Global Instrument**"); or
- (ii) if so specified in the Final Terms, definitive Instruments in bearer form ("**Definitive Instruments**") and/or (if so specified in the Final Terms) Registered Instruments.

Exchanges of interests in a Temporary Global Instrument for Definitive Instruments or, as the case may be, a Permanent Global Instrument will be made only on or after the Exchange Date (as specified in the Final Terms) and (unless the Final Terms specifies that the TEFRA C Rules are applicable to the Instruments) provided certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury Regulations (in substantially the form set out in the Trust Deed or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received. An exchange for Registered Instruments will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

- (2) *Limitation on entitlement under a Temporary Global Instrument after Exchange Date:* Holders of interests in any Temporary Global Instrument shall not (unless, upon due presentation of such Temporary Global Instrument for exchange (in whole but not in part only) for a Permanent Global Instrument or for delivery of Definitive Instruments and/or Registered Instruments, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Instruments represented by such Temporary Global Instrument which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.
- (3) *Certification of non-U.S. beneficial ownership:* Unless the Final Terms specify that the TEFRA C Rules are applicable or specify that TEFRA is not applicable to the Instruments and subject to paragraph (2) above, if any date on which a payment of interest is due on the Instruments of a Tranche occurs while any of the Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument only to the extent that certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury Regulations (in substantially the form set out in the Trust Deed or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear Bank or Clearstream, Luxembourg, or any other relevant clearing system which may be specified in the Final Terms. Payments of amounts due in respect of a Permanent Global Instrument or (subject to paragraph (2) above) a Temporary Global Instrument (if the Final Terms specifies that the TEFRA C Rules are applicable or that TEFRA is not applicable to the Instruments) will be made through Euroclear Bank or Clearstream, Luxembourg or any other relevant clearing system without any requirement for certification.
- (4) *Exchange for Definitive Instruments:* Interests in a Permanent Global Instrument will be exchanged (subject to the period allowed for delivery as set out in this paragraph below), in whole but not in part only and at the request of the Holder of such Global Instrument, for Definitive Instruments and/or (if so specified in the Final Terms) Registered Instruments (a) if Euroclear Bank or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (b) an Event of Default (as defined in Condition 10 (*Events of Default*)) occurs or (c) on 60 days' notice given at any time at the request of the bearer, if so specified in the Final Terms. The circumstances described in (a) and (b) are each herein referred to as an "**Exchange Event**". Whenever a Permanent Global Instrument is to be exchanged for Definitive Instruments and/or Registered Instruments, the Issuer shall procure the prompt delivery of such Definitive Instruments and/or Registered Instruments, duly authenticated and where and to the extent applicable, with Coupons and Talons attached (each as defined in Condition 1.2 (*Coupons and Talons*)), in an aggregate nominal amount equal to the nominal amount of such Permanent Global Instrument to the Holder of the Permanent Global Instrument against its surrender at the specified office of the Issue and Paying Agent within 30 days of the Holder requesting such exchange.

(C) ***Form of Exchange – Global Registered Instruments***

- (1) *Global Registered Instrument:* Registered Instruments held in Euroclear Bank and/or Clearstream, Luxembourg (or other clearing system) will be represented by a Global Registered Instrument which will be deposited with, a common depositary or common

safekeeper if the Registered Instrument is held under the NSS, as the case may be, for Euroclear Bank and Clearstream, Luxembourg and registered in the name of a common nominee of Euroclear Bank and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper if the Registered Instruments are held under the NSS, as specified in the Final Terms (or registered in the name of a nominee of, and deposited with, a common depository for such other relevant clearing system).

- (2) *Exchange*: The Global Registered Instrument will become exchangeable in whole, but not in part, for individual Registered Instruments if (a) Euroclear Bank or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or have in fact done so and, in any such case no successor clearing system satisfactory to the Trustee is available, (b) an Event of Default occurs, or (c) on 60 days' notice given at any time at the request of the registered Holder, if so specified in the Final Terms. The circumstances described in (a) and (b) are each herein referred to as an "**Exchange Event**".

Whenever the Global Registered Instrument is to be exchanged for Registered Instruments, such Registered Instruments will be issued in an aggregate nominal amount equal to the nominal amount of the Global Registered Instrument within five business days of the delivery, by or on behalf of the registered Holder of the Global Registered Instrument, Euroclear Bank and/or Clearstream, Luxembourg, to the Registrar or the Transfer Agent (as the case may be) of such information as is required to complete and deliver such Registered Instruments (including, without limitation, the names and addresses of the persons in whose names the Registered Instruments are to be registered and the nominal amount of each such person's holding) against the surrender of the Global Registered Instrument at the specified office of the Registrar or the Transfer Agent (as the case may be). Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Instruments scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar or the Transfer Agent (as the case may be) may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

**(D) *Amendment to Conditions***

The Temporary Global Instruments, Permanent Global Instruments and Global Registered Instruments contain provisions that apply to the instruments that they represent, some of which modify the effect of the Conditions set out in this Base Prospectus. The following is a summary of certain of those provisions:

- (1) *Meetings*: The holder of a Permanent Global Instrument or of the Instruments represented by a Global Registered Instrument shall (unless such Permanent Global Instrument or Global Registered Instrument represents only one Instrument) be treated as having one vote in respect of each minimum Specified Denomination of Instruments for which such Global Instrument may be exchanged.
- (2) *Cancellation*: Cancellation of any Instrument represented by a Permanent Global Instrument or Global Registered Instrument that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Instrument or Global Registered Instrument.
- (3) *Purchase*: Instruments represented by a Permanent Global Instrument or Global Registered Instrument may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.
- (4) *Issuer's Options*: Any option of the Issuer provided for in the Conditions of the Instruments while such Instruments are represented by a Permanent Global Instrument or a Global Registered Instrument shall be exercised by the Issuer giving notice to the holders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Instruments

drawn in the case of a partial exercise of an option and accordingly no drawing of Instruments shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Instruments of any Series, the rights of accountholders with a clearing system in respect of the Instruments will be governed by the standard procedures of Euroclear Bank, Clearstream, Luxembourg or any other clearing system (as the case may be).

- (5) *Holders' Options:* Any option of the holders provided for in the Conditions of any Instruments while such instruments are represented by a Permanent Global Instrument or a Global Registered Instrument may be exercised by the Holder of such Permanent Global Instrument or Global Registered Instrument, giving notice to the Issue and Paying Agent within the time limits relating to the deposit of Instruments with a Paying Agent or the Registrar, in the case of a Global Registered Instrument substantially in the form of the notice available from any Paying Agent (or the Registrar, in the case of a Global Registered Instrument), except that the notice shall not be required to contain the serial numbers of the Instruments in respect of which the option has been exercised, and stating the nominal amount of Instruments in respect of which the option is exercised and at the same time presenting for notation the Permanent Global Instrument or the Global Registered Instrument to the Issue and Paying Agent, or to a Paying Agent acting on behalf of the Issue and Paying Agent, or the Registrar, in the case of a Global Registered Instrument.
- (6) *Notices:* So long as any Instruments are represented by a Permanent Global Instrument or Global Registered Instrument and such Permanent Global Instrument or Global Registered Instrument is held on behalf of a clearing system (i) notices to the Holders of Instruments of that Series may be given by delivery of the relevant notice to the clearing system for communication by it to entitled accountholders in substitution for publication and/or filing as required by the Conditions and any such notice shall be deemed to have been given to the Holders on the date of delivery to the clearing system and (ii) notices to be given by any Holder may be given to the Issue and Paying Agent through Euroclear Bank and/or Clearstream, Luxembourg, as the case may be, in such manner as the Issue and Paying Agent and Euroclear Bank and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## BOOK ENTRY INSTRUMENTS HELD THROUGH INTERBOLSA

### General

*Interbolsa holds securities through a centralised system (sistema centralizado) composed of interconnected securities accounts, through which such securities (and inherent rights) are held and transferred, and which allows Interbolsa to control at all times the amount of securities so held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.*

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Book Entry Instruments held through Interbolsa.

*In relation to each issue of securities, Interbolsa's centralised system comprises, inter alia: (1) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (2) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with their individual securities accounts.*

Book Entry Instruments held through Interbolsa will be attributed an International Securities Identification Number ("ISIN" code) through the codification system of Interbolsa. These Book Entry Instruments will be accepted and registered with *Central de Valores Mobiliários ("CVM")*, the centralised securities system managed and operated by Interbolsa and settled by Interbolsa's settlement system.

### Form of the Book Entry Instruments held through Interbolsa

*The Book Entry Instruments will be represented in dematerialised book-entry form ("**forma escritural**") and shall be nominativas (in which case Interbolsa, at the request of the Issuer, can ask the Affiliate Members of Interbolsa for information regarding the identity of the Holders and transmit such information to the Issuer). Form and title to the Book Entry Instruments will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable Comissão do Mercado de Valores Mobiliários ("**CMVM**") and Interbolsa regulations. No physical document of title will be issued in respect of Book Entry Instruments.*

The Book Entry Instruments of each Series will be registered in the relevant issue account opened by the relevant Issuer with Interbolsa and will be held in control accounts by each Affiliate Member of Interbolsa (as defined below) on behalf of the holders of the Book Entry Instruments. Such control accounts reflect at all times the aggregate of Book Entry Instruments held in the individual securities accounts opened by the holders of the Book Entry Instruments with each of the Affiliate Members of Interbolsa. The expression "**Affiliate Member of Interbolsa**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depositary banks appointed by Euroclear Bank and Clearstream, Luxembourg for the purpose of holding such accounts with Interbolsa on behalf of Euroclear Bank and Clearstream, Luxembourg.

Each person shown in the records of an Affiliate Member of Interbolsa as having an interest in Book Entry Instruments shall be treated as the holder of the Book Entry Instruments recorded therein except as otherwise required by law.

### Payment of principal and interest in respect of Book Entry Instruments held through Interbolsa

While the Book Entry Instruments are held through Interbolsa, payment of principal and interest in respect of the Book Entry Instruments: (1) in euros will be (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese paying agent (the "**Portuguese Paying Agent**") acting on behalf of the Issuer from the payment current account which the Portuguese Paying Agent has indicated to, and has been accepted by, Interbolsa to be used on the Portuguese Paying Agent's behalf for payments in respect of securities held through Interbolsa to the payment current accounts held according to the applicable procedures and regulations of Interbolsa by the Affiliate Members of Interbolsa whose control accounts with Interbolsa are credited with such Book Entry Instruments and thereafter (b) credited by such Affiliate Members of Interbolsa from the aforementioned payment current accounts to the accounts of the Holders or through Euroclear Bank and Clearstream, Luxembourg to the accounts with Euroclear Bank and Clearstream, Luxembourg of the beneficial owners of such Book Entry Instruments, in accordance with the rules and procedures of Interbolsa, Euroclear Bank or Clearstream, Luxembourg, as the case may be; and

(2) in currencies other than euros will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the owners of those Book Entry Instruments or through Euroclear Bank and Clearstream, Luxembourg to the accounts with Euroclear Bank and Clearstream, Luxembourg of the beneficial owners of those Book Entry Instruments, in accordance with the rules and procedures of Interbolsa, Euroclear Bank or Clearstream, Luxembourg, as the case may be.

**Transfer of Book Entry Instruments held through Interbolsa**

Book Entry Instruments held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Book Entry Instruments. No owner of Book Entry Instruments will be able to transfer such Book Entry Instruments, except in accordance with Portuguese law and the applicable procedures established by the CMVM and Interbolsa.

## USE OF PROCEEDS

An amount equal to the net proceeds from each issue of Instruments issued by EDP will be applied by EDP for its general corporate purposes. An amount equal to the net proceeds of Instruments issued by EDP B.V. or EDP SFE will be on-lent to, or invested in, EDP Group companies.

If so specified in the applicable Final Terms, an amount equal to the net proceeds of Instruments issued by EDP, EDP B.V. or EDP SFE may be used to finance or refinance, in whole or in part, EDP's Eligible Green Project portfolio. EDP's Eligible Green Project portfolio includes existing or planned investments of EDP Renováveis S.A, a fully consolidated subsidiary of EDP, which support the transition to a low carbon economy, especially those that help increase the production of renewable energy. Eligible Green Projects include the design, construction, installation and maintenance of renewable energy production projects, such as wind power plants (onshore and offshore) and solar power plants (photovoltaic ("PV") or concentrated solar power ("CSP")) and will be assessed and monitored according to a framework and set of criteria available on EDP's website (<https://www.edp.com/en/investors/fixed-income/green-funding>). Such Instruments will be referred to as "Green Bonds".

Neither the Second Party Opinion nor the Green Bond Framework is, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus.

## RELATIONSHIP OF EDP B.V. AND EDP SFE WITH EDP

EDP has entered into a Keep Well Agreement dated 14 March 2001 with EDP B.V. (the "**EDP B.V. Keep Well Agreement**") governed by English law.

EDP has entered into a Keep Well Agreement dated 14 September 2023 with EDP SFE (the "**EDP SFE Keep Well Agreement**" and, together with the EDP B.V. Keep Well Agreement, the "**Keep Well Agreements**") governed by English law.

The Keep Well Agreements are not guarantees. Under the Keep Well Agreements, EDP has no obligation to pay any amounts due under the Instruments issued by either EDP B.V. or EDP SFE. Pursuant to the terms of the relevant Keep Well Agreement, EDP has agreed that, for so long as EDP B.V. or, as the case may be, EDP SFE, has any Instruments outstanding under the Programme, it will make available to EDP B.V. or, as the case may be, EDP SFE, funds sufficient to meet its respective payment obligations or repay borrowings then maturing to the extent that EDP B.V.'s or, as the case may be, EDP SFE's, funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings.

Although the Keep Well Agreements are not guarantees, following an Event of Default, the Trustee will be entitled, on behalf of the Holders, to enforce EDP B.V. or EDP SFE's rights under Keep Well Agreement against EDP in accordance with the terms of the Trust Deed. Enforcement in the English courts will be subject, among other things, to the powers of such courts to stay proceedings and other principles of law and equity of general application.

The text of the Keep Well Agreements are as follows:



## EDP B.V. Keep Well Agreement

"

This Keep Well Agreement is made on 14 March 2001 by and between:

- (1) EDP – ELECTRICIDADE DE PORTUGAL, S.A. ("**EDP**"); and
- (2) EDP FINANCE B.V. ("**EDP B.V.** ").

WHEREAS:

- (A) EDP B.V. is a direct wholly-owned subsidiary of EDP;
- (B) Bankers Trustee Company Limited (the "**Trustee**", which expression shall, wherever the context so admits, include any successor as trustee for holders of the Instruments as defined below), EDP and EDP B.V. (each an "**Issuer**" and together the "**Issuers**") have entered into a trust deed dated 14 March 2001 (the "**Trust Deed**") relating to the €5,000,000,000 Programme for the Issuance of Debt Instruments (the "**Programme**");
- (C) The Issuers may issue Instruments after the date hereof pursuant to the Programme (the "**Instruments**", which expression as used herein shall include Instruments whether in global or definitive form and any receipts, coupons or talons appertaining to such Instruments) which will be constituted by the Trust Deed as modified and/or supplemented and/or restated from time to time;
- (D) EDP B.V. may also hereafter assume from time to time obligations under swap agreements which will be related to the Instruments issued by EDP B.V. (any obligation of EDP B.V. in respect of each swap agreement entered into by EDP B.V. and any Instrument issued by EDP B.V. under the Programme being herein referred to as a "**Debt Obligation**" and the obligations together being herein referred to as "**Debt Obligations**"); and
- (E) EDP B.V. entered into the Programme as Issuer for its own benefit and also for the benefit of EDP.

NOW, THEREFORE, EDP and EDP B.V. hereby covenant and agree as follows:

1. In consideration of the sum of £1 paid by EDP B.V. to EDP (receipt of which EDP hereby acknowledges), EDP shall own, directly or indirectly, all of the issued and outstanding share capital of EDP B.V. and will control the composition of the board of directors of EDP B.V. so long as any Debt Obligation is outstanding and shall not pledge, grant a security interest in, encumber or alienate any of such share capital.
2. For so long as EDP B.V. has outstanding Instruments under the Programme, EDP shall, with effect on and from the date of this Agreement, cause EDP B.V. to maintain a Tangible Net Worth (as hereinafter defined), as determined in accordance with generally accepted accounting principles in the Netherlands applied on a consistent basis as shown on EDP B.V.'s most recent audited balance sheet (commencing with EDP B.V.'s audited balance sheet at 31 December 2001), of at least one euro.

"**Tangible Net Worth**" shall mean the total assets of EDP B.V. less the sum of intangible assets and total liabilities of EDP B.V. A certificate of the auditors of EDP B.V. as to the amount of Tangible Net Worth shall, in the absence of manifest error, be final and conclusive.

3. For so long as EDP B.V. has outstanding Instruments under the Programme, if EDP B.V. at any time shall have insufficient funds or other liquid assets to meet its payment obligations (including in respect of any Debt Obligations) or to repay borrowings then maturing or subsequently to mature, upon receipt of notice from EDP B.V. to such effect, EDP shall make, or have made, available to EDP B.V., before the due date of such payment obligations or borrowings, funds sufficient to enable EDP B.V. to meet such payment obligations or to repay such borrowings, as the case may be, in full as they fall due. EDP B.V. shall use the funds made available to it by EDP hereunder solely for the fulfilment of its payment obligations and the repayment at maturity of its borrowings.

4. Any and all funds from time to time provided by EDP to EDP B.V. pursuant to Clause 3 above shall, at the option of EDP, be either (1) by way of subscription for and payment of share capital (other than redeemable share capital) of EDP B.V., or (2) by way of subordinated loan, that is to say, a loan which, and interest on which, is not permitted to be, and is not capable of being, repaid or paid unless all other debt of EDP B.V. has been fully satisfied and is subordinated on a winding-up of EDP B.V. to all of the unsecured and unpreferred creditors of EDP B.V. other than EDP.
5. EDP warrants and agrees that its payment obligations which may arise hereunder constitute unsecured and unsubordinated obligations of EDP and rank *pari passu* with all other unsecured and unsubordinated obligations of EDP other than those obligations which are preferred by law.
6. This Agreement is not, and nothing herein contained and nothing done by EDP pursuant hereto shall be deemed to constitute, a guarantee, direct or indirect, by EDP of any Debt Obligation or any other debt of EDP B.V. (or of any subsidiary of EDP B.V.) or of any instrument issued by EDP B.V. or of any subsidiary of EDP B.V.
7. If EDP B.V. shall be in liquidation, administration or receivership or other analogous proceedings (including if EDP B.V. is declared bankrupt ("**faillissement**") or is granted a moratorium of payment ("**surséance van betaling**") or enters into winding-up proceedings ("**ontbinding**") and EDP shall be in default of its obligations hereunder, EDP shall be liable to EDP B.V. by way of liquidated damages for such default in an amount equal to the sum that EDP would have paid had it performed in full all of its obligations hereunder, and EDP B.V. and any liquidator, administrator or receiver of EDP B.V. or other analogous officer or official shall be entitled to claim accordingly.
8. This Agreement may be modified, amended or terminated only by the written agreement of EDP and EDP B.V. **provided, however, that** no such modification, amendment or termination shall be made which may have any adverse effect upon the holders of the Instruments issued by EDP B.V. or the holders of any other Debt Obligation taken as a whole while any such Instrument or Debt Obligation is outstanding.
9. EDP and EDP B.V. each hereby covenant and agree as follows:
  - (i) it will not consent, either orally or in writing, to any modification, amendment or termination of this Agreement which may have any adverse effect upon the holders of the Instruments issued by EDP B.V. or the holders of any other Debt Obligation taken as a whole while any Instrument or other Debt Obligation remains outstanding;
  - (ii) it will give written notice to the Trustee on behalf of the holders of Instruments issued by EDP B.V. and to the holders of any other Debt Obligation at least 30 days prior to any proposed modification, amendment or termination of this Agreement;
  - (iii) it will fully and promptly perform its obligations and exercise its rights under this Agreement and, in the case of EDP B.V. (without limitation to the foregoing) exercise its right to enforce performance of the terms of this Agreement by EDP; and
  - (iv) it will consent to the giving of an order of specific performance or similar relief by any court of competent jurisdiction in the event that any action is brought in respect of this Agreement.
10.
  - (i) This Agreement shall take effect for the benefit of the Trustee on behalf of the holders of Instruments issued by EDP B.V. and the holder of any other Debt Obligation. Apart from the parties to this Agreement and the Trustee, no other person, firm, company or association (unincorporated or incorporated) shall be entitled to any benefit under this Agreement whatsoever.
  - (ii) This Agreement shall be deposited with and held by the Trustee for so long as the Trust Deed is in force and, if thereafter, any other Debt Obligation remains outstanding it will be deposited with and held by a reputable financial institution on behalf of the holder(s) of such other Debt Obligation. Both parties hereby acknowledge the right of the holder of

any Instrument issued by EDP B.V. and any other Debt Obligation to obtain from either party a copy of this Agreement.

(iii) The term "**holder**" herein has the same meaning in relation to each Instrument as the term "**Holder**" in the Conditions of such Instrument.

11. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.
12. Each of EDP and EDP B.V. hereby irrevocably agrees that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts. Each of EDP and EDP B.V. hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agree that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon EDP and EDP B.V. and may be enforced in the courts of any other jurisdiction. Nothing contained herein shall limit any right to take Proceedings against EDP or EDP B.V. in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. Each of EDP and EDP B.V. hereby appoints The Law Debenture Trust Corporation p.l.c. at its registered office for the time being (being at the date hereof at Fifth Floor, 100 Wood Street, London EC2V 7EX) as its agent for service of process and agrees that, in the event of The Law Debenture Trust Corporation p.l.c. ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings.
13. This Agreement shall be governed by, and construed in accordance with, the laws of England.

"

## EDP SFE Keep Well Agreement

"

This Keep-Well Agreement is made on 14 September 2023 by and between:

- (1) EDP - ENERGIAS DE PORTUGAL, S.A. . a limited liability company incorporated under the laws of Portugal, with registered offices at Avenida 24 de Julho, no.12, 1249-300 Lisbon, Portugal, with a single commercial registry and tax identification number 500697256 and a fully paid up share capital of €4,184,021,624.00 ("**EDP**"); and
- (2) EDP SERVICIOS FINANCIEROS ESPAÑA S.A.U. ("**EDP SFE**").

WHEREAS

- (A) EDP SFE is a direct wholly-owned subsidiary of EDP – Energias de Portugal Sociedad Anónima Sucursal en España, which is EDP's branch in Spain;
- (B) Deutsche Trustee Company Limited (the "**Trustee**", which expression shall, wherever the context so admits, include any successor as trustee for holders of the Instruments as defined below), EDP, EDP Finance B.V. and EDP SFE (each an "**Issuer**" and together the "**Issuers**") have entered into a twenty-fourth supplemental trust deed dated 14 September 2023 amending and restating the Trust Deed between EDP, EDP Finance B.V. and the Trustee dated 14 March 2001 (together, the "**Trust Deed**") relating to the €16,000,000,000 Programme for the Issuance of Debt Instruments (the "**Programme**");
- (C) EDP SFE may issue Instruments after the date hereof pursuant to the Programme (the "**Instruments**", which expression as used herein shall include Instruments whether in global or definitive form and any receipts, coupons or talons appertaining to such Instruments) which will be constituted by the Trust Deed as modified and/or supplemented and/or restated from time to time;
- (D) EDP SFE may also hereafter assume from time to time obligations under swap agreements which will be related to the Instruments issued by EDP SFE (any obligation of EDP SFE in respect of each swap agreement entered into by EDP SFE and any Instrument issued by EDP SFE under the Programme being herein referred to as a "**Debt Obligation**" and the obligations together being herein referred to as "**Debt Obligations**"); and
- (E) EDP SFE entered into the Programme as Issuer for its own benefit and also for the benefit of EDP.

NOW, THEREFORE, EDP and EDP SFE hereby covenant and agree as follows:

1. As consideration for EDP SFE issuing Instruments, EDP shall own, directly or indirectly, all of the issued and outstanding share capital of EDP SFE and will control the composition of the board of directors of EDP SFE so long as any Debt Obligation is outstanding and shall not pledge, grant a security interest in, encumber or alienate any of such share capital.
2. For so long as EDP SFE has outstanding Instruments under the Programme, EDP shall, with effect on and from the date of this Agreement, cause EDP SFE to maintain a Tangible Net Worth (as hereinafter defined), as determined in accordance with generally accepted accounting principles in Spain applied on a consistent basis as shown on EDP SFE's most recent audited balance sheet (commencing with EDP SFE's audited balance sheet at 31 December 2022), of at least one euro.

"**Tangible Net Worth**" shall mean the total assets of EDP SFE less the sum of intangible assets and total liabilities of EDP SFE. A certificate of the auditors of EDP SFE as to the amount of Tangible Net Worth shall, in the absence of manifest error, be final and conclusive.

3. For so long as EDP SFE has outstanding Instruments under the Programme, if EDP SFE at any time shall have insufficient funds or other liquid assets to meet its payment obligations (including in respect of any Debt Obligations) or to repay borrowings then maturing or subsequently to mature, upon receipt of notice from EDP SFE to such effect, EDP shall make, or have made, available to

EDP SFE, before the due date of such payment obligations or borrowings, funds sufficient to enable EDP SFE to meet such payment obligations or to repay such borrowings, as the case may be, in full as they fall due. EDP SFE shall use the funds made available to it by EDP hereunder solely for the fulfilment of its payment obligations and the repayment at maturity of its borrowings.

4. Any and all funds from time to time provided by EDP to EDP SFE pursuant to Clause 3 above shall, at the option of EDP, be either (1) by way of subscription for and payment of share capital (other than redeemable share capital) of EDP SFE, or (2) by way of subordinated loan, that is to say, a loan which, and interest on which, is not permitted to be, and is not capable of being, repaid or paid unless all other debt of EDP SFE has been fully satisfied and is subordinated on a winding-up of EDP SFE to all of the unsecured and unpreferred creditors of EDP SFE other than EDP.
5. EDP warrants and agrees that its payment obligations which may arise hereunder constitute unsecured and unsubordinated obligations of EDP and rank *pari passu* with all other unsecured and unsubordinated obligations of EDP other than those obligations which are preferred by law.
6. This Agreement is not, and nothing herein contained and nothing done by EDP pursuant hereto shall be deemed to constitute, a guarantee, direct or indirect, by EDP of any Debt Obligation or any other debt of EDP SFE (or of any subsidiary of EDP SFE) or of any instrument issued by EDP SFE or of any subsidiary of EDP SFE.
7. If EDP SFE shall be in liquidation, administration or receivership or other analogous proceedings (including if EDP SFE is declared bankrupt ("*concurso*") or is granted a moratorium of payment or enters into winding-up proceedings ("*liquidación*")) and EDP shall be in default of its obligations hereunder, EDP shall be liable to EDP SFE by way of liquidated damages for such default in an amount equal to the sum that EDP would have paid had it performed in full all of its obligations hereunder, and EDP SFE and any liquidator, administrator or receiver of EDP SFE or other analogous officer or official shall be entitled to claim accordingly.
8. This Agreement may be modified, amended or terminated only by the written agreement of EDP and EDP SFE **provided, however, that** no such modification, amendment or termination shall be made which may have any adverse effect upon the holders of the Instruments issued by EDP SFE or the holders of any other Debt Obligation taken as a whole while any such Instrument or Debt Obligation is outstanding.
9. EDP and EDP SFE each hereby covenants and agrees as follows:
  - (i) it will not consent, either orally or in writing, to any modification, amendment or termination of this Agreement which may have any adverse effect upon the holders of the Instruments issued by EDP SFE or the holders of any other Debt Obligation taken as a whole while any Instrument or other Debt Obligation remains outstanding;
  - (ii) it will give written notice to the Trustee on behalf of the holders of Instruments issued by EDP SFE and to the holders of any other Debt Obligation at least 30 days prior to any proposed modification, amendment or termination of this Agreement;
  - (iii) it will fully and promptly perform its obligations and exercise its rights under this Agreement and, in the case of EDP SFE (without limitation to the foregoing) exercise its right to enforce performance of the terms of this Agreement by EDP; and
  - (iv) it will consent to the giving of an order of specific performance or similar relief by any court of competent jurisdiction in the event that any action is brought in respect of this Agreement.
10.
  - (i) This Agreement shall take effect for the benefit of the Trustee on behalf of the holders of Instruments issued by EDP SFE and the holder of any other Debt Obligation. Apart from the parties to this Agreement and the Trustee, no other person, firm, company or association (unincorporated or incorporated) shall be entitled to any benefit under this Agreement whatsoever.

- (ii) This Agreement shall be deposited with and held by the Trustee for so long as the Trust Deed is in force and, if thereafter, any other Debt Obligation remains outstanding it will be deposited with and held by a reputable financial institution on behalf of the holder(s) of such other Debt Obligation. Both parties hereby acknowledge the right of the holder of any Instrument issued by EDP SFE and any other Debt Obligation to obtain from either party a copy of this Agreement.
  - (iii) The term "**holder**" herein has the same meaning in relation to each Instrument as the term "**Holder**" in the Conditions of such Instrument.
11. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.
  12. Each of EDP and EDP SFE hereby irrevocably agrees that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together "**Proceedings**") arising out of or in connection with this Agreement may be brought in such courts. Each of EDP and EDP SFE hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agree that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon EDP and EDP SFE and may be enforced in the courts of any other jurisdiction. Nothing contained herein shall limit any right to take Proceedings against EDP or EDP SFE in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. Each of EDP and EDP SFE hereby appoints The Law Debenture Corporate Services Limited at its registered office for the time being (being at the date hereof at 8th Floor, 100 Bishopsgate, London EC2N 4AG) as its agent for service of process and agrees that, in the event of The Law Debenture Corporate Services Limited ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings.
  13. This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and construed in accordance with, the laws of England.

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## EDP AND THE EDP GROUP

### BUSINESS OVERVIEW

EDP – Energias de Portugal, S.A. ("**EDP**" and together with its subsidiaries, the "**Group**" or the "**EDP Group**") is a listed company (*sociedade aberta*), whose ordinary shares are publicly traded on the regulated market of Euronext Lisbon. EDP is established in Portugal, organised under the laws of Portugal and registered with the Commercial Registry Office of Lisbon, under no. 500.697.256. Its registered head office is located at Av. 24 de Julho, 12, 1249 - 300 Lisbon, Portugal, and its telephone number is +351210012500.

EDP was initially incorporated as a public enterprise (*empresa pública*) in 1976 pursuant to Decree-Law no. 502/76, of 30 June 1976, as a result of the nationalisation and merger of the main Portuguese companies in the electricity sector in mainland Portugal. Subsequently, EDP was transformed into a limited liability company (*sociedade anónima*) pursuant to Decree-Law no. 7/91, of 8 January 1991, and Decree-Law no. 78-A/97, of 7 April 1997.

Under Article 3.1 of its articles of association, the corporate purpose of EDP is the direct or indirect promotion, development and management of undertakings and activities in the energy sector, both at national and international levels, with the goal of growing and improving the performance of its group's companies.

The privatisation of EDP's share capital involved eight phases in total, the first one in 1997 and the last one concluded in February 2013. The most significant shareholdings in EDP's share capital (i.e. shareholdings equal to or higher than 5 per cent.) as of 30 June 2023 were: China Three Gorges Corporation, owning 20.86 per cent.; Oppidum Capital S.L., owning 6.82 per cent.; BlackRock, Inc., owning 6.82 per cent<sup>1</sup>; and Canada Pension Plan Investment Board, owning 5.62 per cent. More recently, on 7 July 2023, Norges Bank informed EDP that it has reached a qualified shareholding position in EDP of 5.06 per cent. As of 30 June 2023, EDP has an issued share capital of €4,184,021,624, comprised of 4,184,021,624 shares with a nominal value of €1 per share, all of which have been paid up.

EDP is a multinational, vertically integrated utility company with operations in 29 markets across Europe, the Americas and Asia and with a focus on renewable energy generation. The Group has integrated operations across energy generation, distribution and supply operations mainly in Iberia and Brazil. Moreover, the Group develops and operates renewable energy generation in 28 different markets across Europe, North and Latin America and more recently in the Asia-Pacific region following the acquisition of Sunseap Group Pte. Ltd., based in Singapore. With a total installed capacity in Iberia of 13.8 gigawatt ("**GW**") and a distribution network spanning ~285,000 km as at 30 June 2023, EDP believes that it is the largest generator, distributor and supplier of electricity in Portugal in terms of gigawatt hours ("**GWh**") and the third largest electricity generator in the Iberian Peninsula in terms of installed capacity. EDP also believes that it is one of Brazil's largest private generators, distributors, and suppliers of electricity in terms of GWh and one of the largest onshore wind power operators worldwide in terms of GWh, with operations spanning across Europe, North America and Latin America. Overall, globally EDP has a total installed capacity of ~27 GW and distribution networks of ~383,000 km as at 30 June 2023.

Historically, EDP's core business had been focused on electricity generation, distribution and supply in Portugal. Given Spain's geographical proximity and its regulatory framework, the Iberian Peninsula's electricity market became EDP's natural home market, and EDP made this market the primary focus of its integrated electricity business. As at the date of this Base Prospectus, EDP's main subsidiaries in Portugal include its electricity generation company, EDP - Produção - Gestão da Produção de Energia, S.A. ("**EDP Produção**"), its electricity distribution company, E-REDES Distribuição de Electricidade, S.A. ("**E-Redes**"), and its two supply companies SU Electricidade, S.A. ("**SU Electricidade**") and EDP Comercial – Comercialização de Energia, S.A. ("**EDP Comercial**"). As of 30 June 2023, in Spain, EDP's main subsidiary is EDP España, S.A.U., which operates electricity generation plants and electricity distribution networks. The electricity distribution networks business in Spain is controlled through a long-term partnership with Macquarie Super Core Infrastructure Fund SD Holdings S.À.R.L. ("**MSCIF**"), in which EDP holds a 75.1 per cent. stake that combines three electricity distribution companies: Hidrocarbónico Distribución Eléctrica S.A.U., Viesgo Distribución Eléctrica, S.L. ("**Viesgo Distribución**") and Barras Eléctricas Galaico-Asturias, S.A.

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<sup>1</sup> Shareholding disclosure as of 31 December 2022.

In addition to the electricity market, EDP is also present in the natural gas supply business in both Portugal and Spain. In Portugal, EDP supplies natural gas through EDP Comercial and EDP Gás Serviço Universal, S.A. ("**EDP Gás SU**"). In Spain, EDP holds indirectly (through EDP España) EDP-Comercializadora, S.A.U. ("**EDP Comercializadora**"). In July and October 2017, EDP sold 100 per cent. of its gas distribution networks in Spain and Portugal, respectively, in line with EDP's strategy of strengthening its financial profile and focusing on electricity networks.

EDP participates in the renewable energy sector through EDP Renováveis, a leading renewable energy company headquartered in Spain. EDP Renováveis designs, develops, manages and operates power plants that generate electricity using the renewable energy sources of wind and solar energy. EDP currently holds a 71.27 per cent. stake in EDP Renováveis, with the remaining 28.73 per cent. traded on Euronext Lisbon.

In Brazil, EDP has significant electricity generation, distribution, supply and transmission businesses in 15 states through its direct stake in EDP - Energias do Brasil S.A. ("**EDP Brasil**"). EDP also believes that it is one of Brazil's largest private generators, distributors and suppliers of electricity in terms of GWh.

### **EDP's Operating Segments**

As part of the Strategic Plan (as defined below), EDP has organised its business into two operating segments:

1. **Renewables, Clients and Energy Management:** The Renewables business is central to the Group's growth strategy. EDP participates in the renewable energy space through EDP Renováveis, a leading renewable energy company headquartered in Spain and listed in Portugal that develops, builds, manages and operates power plants that generate electricity using renewable energy sources (including onshore and offshore wind, and solar energy) and through its hydroelectric generation assets in Iberia and Brazil. EDP Renováveis has built significant growth platforms in the European, Latin American and North American markets and is continuously monitoring opportunities to expand its activities globally, having more recently expanded to the Asia-Pacific region, by acquiring Sunseap Group Pte Ltd, based in Singapore. The Clients and Energy Management business comprises activities mainly related to thermal generation, energy trading and electricity supply in the Iberian Peninsula and Brazil. This segment includes energy management activities that allow EDP to manage its portfolio of generation assets in the liberalised market and its clients in Iberia, enabling the Group to hedge market and hydro risk according to its risk policies. The Clients activity relates to the management of an approximately nine million client portfolio, with the aim of further increasing quality through digital transformation, while innovating its offer of products and services, in particular through distributed solar and e-mobility services.
2. **Electricity Networks:** EDP's Networks operating segment comprises activities related to electricity distribution in the Iberian Peninsula and Brazil, as well as the Group's electricity transmission operations in Brazil. EDP's regulated networks regulated asset base was €7.2 billion as of 30 June 2023. EDP believes that the importance of electricity networks in the context of the energy transition landscape will continue to increase given the gradual shift to a more customer-centric paradigm which will require the deployment of a smarter grid and the offer of a more personalised portfolio of services. Such services are likely to include smart control systems, decentralised generation, energy-storage and electric cars, which represents an opportunity for further growth.

The Group's total revenues from energy sales and services and other for June 2023 and June 2022 amounted to €8,245 million and €10,167 million, respectively. The Group's revenues from energy sales and services and other for the years ended 31 December 2022 and 2021 amounted to €20,651 million and €14,983 million, respectively. As at 30 June 2023, the EDP Group employed 13,325 people and had total assets of €58,000 million and total equity of €16,631 million.

### **Recent Developments**

*Google chooses EDP Renewables for long-term energy contract in The Netherlands*

On 14 June 2023, Kronos Solar EDPR signed a fifteen year PPA with Google to offtake part of the production of clean energy by four PV plants that Kronos Solar EDPR is developing in The Netherlands. These projects have a combined installed capacity of close to 40 MWac and are expected to start operation



by 2024. It is anticipated that, during the term of the PPA, Kronos Solar EDPR and Google will produce more than 49 GWh of clean energy per annum.

*Tender offer for share of EDP Brasil*

On 30 August 2023, EDP announced that it had concluded the acquisition of EDP Brasil and will hold 100 per cent. of EDP Brasil's share capital. In line with EDP's Strategic Plan, EDP intends to delist EDP Brasil.

*Asset rotations*

On 25 July 2023, EDP Renováveis closed the sale of a 257 MW wind portfolio in Spain to Verbund AG ("**Verbund**") for €0.46 billion (as of 31 December 2022).

On 27 July 2023, EDP Renováveis signed a sale and purchase agreement with Orlen Wind 3, a company owned by Orlen S.A. ("**Orlen**"), to sell a 100 per cent. equity stake in a portfolio of 142 MW of three operating wind farms and up to 159 MW of hybrid solar projects in Poland for an estimated value of PLN2.20 billion (approximately €0.49 billion).

On 29 August 2023, EDP Renováveis signed a sale and purchase agreement with Statkraft AS ("**Statkraft**"), to sell a 100 per cent. equity stake in a portfolio of 260 MW from two operating wind projects in Brazil for an estimated value of BRL1.57 billion as of 31 December 2022 (approximately €0.30 billion).

These transactions are in line with EDP's Strategic Plan. See "*Strategy of EDP*" for further information.

## STRATEGY OF EDP

EDP's vision is to lead the energy transition and create superior value to shareholders. To achieve this ambitious vision, in March 2023, EDP announced a new strategic update for the period of 2023-2026 ("the **Strategic Plan**"). The Strategic Plan is underpinned by four strategic axes: (i) accelerated and sustainable growth; (ii) ESG excellence and future proof organisation; (iii) distinctive and resilient portfolio; and (iv) superior value creation for stakeholders. This Strategic Plan is further supported by EDP's commitment to decarbonisation and sustainability pursuant to its 2030 vision of having 100 per cent. electricity generated from renewable sources.

### 1. Accelerated and sustainable growth

EDP announced at the strategic update in March 2023 a €25 billion investment plan for the period of 2023-2026, reinforcing its position as a leader of the energy transition. EDP intends to significantly increase its annual investments, targeting approximately €6.2 billion per year in capital expenditure (including financial investments) for the period 2023-2026, a 30 per cent. increase from the yearly average target of €4.8 billion per year in capital expenditure defined in the previous business plan for the period 2021-2025. In 2022, EDP's capital expenditures amounted to €4.6 billion. The fast deployment of renewables capacity will be combined with the intended sale of majority stakes in selected renewable assets in line with EDP's asset rotation strategy (targeted at €7 billion proceeds for the period 2023-2026), to accelerate growth and enable a less capital intensive growth model.

In line with EDP's objective to reinforce its distinctive "green" positioning and low risk profile, nearly 95 per cent. of capital expenditure is expected to be allocated to regulated and long-term activities with a focus on renewables (approximately 85 per cent. of total investment) and networks (approximately 15 per cent. of total investment). In geographical terms, approximately 40 per cent. of total investment is expected to be deployed in North America, 40 per cent. in Europe, 15 per cent. in Brazil and Latin America and the remaining 5 per cent. to APAC.

EDP was an early mover in renewable energy and has built a strong track record. Based on its assessment of wind generation figures published by top wind market operators, EDP believes it is one of the largest wind power operators worldwide with 15.4 GW of wind and solar power capacity installed as of 30 June 2023 (1.1 GW of which constitutes equity consolidated capacity).

As of 30 June 2023, EDP had a renewable energy installed capacity of 21.3 GW (excluding equity consolidated capacity) consisting of 6.9 GW of hydro power (in Iberia and Brazil) and 14.3 GW of wind and solar power (mostly in Europe and the United States). As of 30 June 2023, 87 per cent. of EDP's generated electricity came from renewable sources of energy compared to 20 per cent. in 2005. EDP expects to deploy approximately 18 GW of gross additions in renewable capacity for the period 2023-2026, with a focus on wind onshore (5.0 GW) and solar PV (9.4 GW), but also wind offshore (0.7 GW), storage (0.5 GW) and distributed solar (2.1 GW). As of 30 June 2023, approximately 52 per cent. of the expected capacity additions were already secured with PPAs, feed-in tariffs or similar long-term arrangements to meet the 2026 target.

EDP's strategy for its wind offshore portfolio is to develop projects in partnerships with other operators in the market, seeking to diversify its risk exposure to this technology. In January 2020, EDP entered into a fifty-fifty joint venture with Engie, named "Ocean Winds", which was subsequently approved by the EC on 26 February 2020, for the development of fixed and floating offshore wind assets. The new entity, which combines the offshore assets of EDP and Engie already has three projects in operation with a total capacity of 1.5 GW, 10.7 GW of secured capacity and a total capacity of 4.5 GW under construction and in an advanced stage of development. This entity is the exclusive investment vehicle of EDP, through its subsidiary EDP Renováveis, and Engie for offshore wind opportunities worldwide. EDP expects the joint venture will become a major global player in the field, bringing together the industrial expertise and development capacity of both companies.

To reinforce EDP's worldwide position in renewables, on 24 February 2022, EDP completed the acquisition of a 91 per cent. stake in Sunseap Group Pte. Ltd., the largest distributed solar player and top four solar player in South East Asia. This acquisition allows EDP to establish a portfolio for the APAC region of close to 10 GW of solar projects, of which 0.8 GW are operating, and an

experienced team of more than 600 employees spread across nine markets, providing a growth platform for the region.

Another component of EDP's growth strategy is centred around networks. Networks are seen by EDP as key enablers of the energy transition in addition to providing stable and long-term cash flow. EDP is continuously seeking efficiency improvements in networks' operations, while delivering high quality service. As part of these efforts, grids are being modernised and digitalised in order to respond to the challenges of the energy transition, that require smarter grids to accommodate an increasing weight of intermittent renewable generation and to manage demand in real time.

The acquisition of Viesgo, concluded in December 2020, is an important driver of growth in this segment as it more than doubles EDP's presence in electricity distribution in Spain, contributing more than 700,000 customers in the north of Spain and a network length of approximately 32,000 km, perpetual licences and regulatory visibility until 2025, strengthening EDP's business risk profile by increasing EDP's exposure to regulated networks.

Another important driver of investment in networks, in the short term, is the growth in the transmission segment in Brazil. Following EDP's growth and asset rotation strategy in the transmission business as set out in the 2021-2025 business plan, three transmission lines were sold in December 2021 and, in February 2022, EDP Goiás was added to the portfolio. As of June 2023, EDP operates at 100 per cent. "Lot 21", "Lot 18", "Lot Q", "Lot MGTE" and the recently acquired Celg-T portfolio. Furthermore, EDP is developing two other projects: a transmission line in Mata Grande and "Lot 1", located in the states of Acre and Rondônia with 350 km and one substation.

In the Clients and Energy Management business, EDP is focused on active portfolio management, allowing for a natural hedge of generation with customers and also between renewables and thermal assets. Additionally, EDP seeks to enhance value for its approximately nine million clients (as of 30 June 2023) by improving quality of service and providing new innovative solutions that meet clients' needs and accelerate the energy transition, such as decentralised solar and e-mobility solutions.

A key element of EDP's strategy is to deliver on these growth targets while maintaining a strong financial profile, fully committed to a solid investment grade rating (BBB). EDP's financial policy aims to reinforce the visibility of free cashflow generation over the medium term, supported by strict financial criteria underlying investment decisions, timely execution of projects and a risk-controlled growth strategy. EDP seeks to maintain diversification in terms of markets and regulatory environments while also seeking to reduce its exposure to market volatility.

EDP has a high proportion of activities in its portfolio that are either long-term contracted or regulated. As such, its revenues are dependent on the outcome of regulatory decisions by governments and other authorities. To reduce its exposure to regulatory risk, EDP is in regular contact with regulatory authorities in order to ensure an accurate and appropriate regulatory treatment, including regarding the level of returns EDP receives on capital employed in connection with its network activities, which are fully regulated.

Some of EDP's operations are exposed to liberalised energy markets, which are subject to fluctuations in energy demand, supply and prices, both in EDP's core markets and in other related international markets. In order to reduce its exposure to these sources of volatility, EDP operates an integrated generation and supply model and maintains a hedging strategy that seeks to enable it to secure pricing for a significant portion of its fuel needs and electricity and gas sales in the liberalised markets for a period of between 12 and 18 months.

## 2. **ESG excellence and Future-proof organisation**

To deliver on the targets presented at the strategic update for the period of 2023-2026, EDP is focused on preparing for accelerated and sustained growth, by focusing on becoming a more global, agile and efficient organisation, and by improving its decision-making process and simplifying organisational structure.

EDP is implementing an innovation and digital transformation plan focused on improving the efficiency of the organisation and introducing new technologies in the various stages of the value chain with a commitment of €3 billion in capital expenditure and operating expense in the 2023-2026 period.

EDP wants to establish a leading innovation position internationally, namely through venture capital investments and entrepreneurship, creating an open innovation ecosystem, and delivering new solutions across four main areas: clean energy, storage and flexibility, smarter grids and client solutions.

EDP is implementing its operational expenditures efficiency programme which includes, among others measures, the digitalisation of processes, zero-based budgeting (a method of budgeting in which all expenses must be justified for each new period) and synergies from the Viesgo acquisition in Spain.

EDP is committed and has reported in accordance with UN Global Compact Principles since 2003. Since 2015, EDP endorses nine of the 17 Sustainable Development Goals ("SDGs") and in 2018 EDP also committed to follow the recommendations of the Taskforce on Carbon-related Financial Disclosures until 2022. Moreover, in 2019, EDP signed up to the Business Ambition for 1.5°C initiative, promoted by the United Nations.

In this context, EDP has committed to establishing a CO<sub>2</sub> emission reduction target, consistent with what climate science defines as necessary to limit global warming to the most demanding level of the Paris Agreement. As part of the decarbonisation of EDP's portfolio, in 2020 EDP joined the Powering Past Coal Alliance, the first global alliance to accelerate the end of coal power generation. EDP is also part of the Race to Zero, a global coalition set up by UN Global Compact for achieving neutrality carbonic by 2050 and the Science Based Targets initiative, and We Mean Business, to support a zero-carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth.

EDP is also focused on having a positive impact on society addressing adverse impacts associated with its activities, products and services and along its value chain through its ESG initiatives. EDP aims to become coal-free by 2025, to have 100 per cent. renewable generation by 2030, anticipating carbon neutral targets to 2030 and be net zero by 2040, meaning EDP targets to reduce greenhouse gas emissions across the entire value chain by 90 per cent. by 2040, based on the year 2020. These carbon neutrality targets have been validated by the Science Based Target initiative ("SBTi"), an organisation that evaluates and approves companies' initiatives for a low-carbon economy and for fighting climate change. In this assessment, SBTi also recognises that EDP's decarbonisation strategy is in line with the trajectory defined by science, which aims to contain the increase in the global average temperature by 1.5°C.

### 3. **Distinctive and resilient portfolio**

EDP has a distinctive and resilient portfolio, with a low-risk profile and focused geographic presence with a BBB credit rating, 21 per cent. fund from operations/net debt target by 2026 and greater than 80 per cent. EBITDA in high-rated markets such as Europe and North America.

EDP is leveraging its portfolio and infrastructure as a competitive advantage for increased renewables deployment such as hybridisation, repowering, storage and hydrogen. In hybridisation, EDP is leveraging existing grid connection capacity (such as solar to wind, solar to hydro, wind to hydro) to deploy approximately 1GW in 60 sites across Europe. In repowering, EDP is increasing the installed capacity and site longevity by deploying approximately 70MW in 8 sites across Europe. For example, installed capacity at the Blue Canyon II Wind Farm has been increased by approximately 10 per cent. and its longevity extended by approximately 30 years. In storage, EDP targets 0.5 GW battery storage in the 2023-2026 period, approximately 90 per cent. of which will be located in North America; approximately 33 per cent. of gross additions have been secured, with 40 MW under construction and 3 GW in the pipeline. Meanwhile, hydrogen technology is allowing renewable energy systems and building long-term optionality, with EDP aiming to reach 1.5 GW gross installed capacity by 2030.

4. **Superior value creation for all stakeholders**

EDP is committed to delivering attractive returns through a sustainable dividend policy. As part of the Strategic Plan, EDP announced a new dividend policy based on a target pay-out ratio of 60 to 70 per cent. (from previous 75 to 85 per cent.) of recurring net profit, with a dividend floor at €0.19 per share in 2023, €0.195 per share in 2024 and 2025 and €0.20 per share in 2026, allowing for potential future increases in the dividend per share in line with sustainable earnings per share growth.

Furthermore, EDP is focused on delivering values to shareholders through a sustainable business model for the long term. Accordingly, EDP has committed to various sustainability targets by 2030 and beyond, focused on a clear green positioning and facilitating the energy transition.

## **Sustainability within EDP**

Since the Board of Director's approval of the "Principles of Sustainable Development" in 2004, EDP has been committed to balancing the economic, environmental and social aspects of the EDP Group's activities. In the 2021-2025 strategic update, EDP announced "ESG excellence and attractive returns" as one of three pillars of its decision-making processes for leading the energy transition to create superior value. This was cemented in the most recent strategic update for 2023-2026, where EDP announced it aims to decarbonise for a climate-positive world and be coal free by 2025, all green by 2030 and net zero by 2040.

The foundations of EDP's ESG policies are based on international norms and principles, such as (i) the ten principles of UN Global Compact; (ii) the SDGs; (iii) the Water Framework Directive; (iv) EU Directives on Environmental Impact Assessment; (v) the UN Guiding Principles on Business and Human Rights; and (vi) the OECD Guidelines for Multinational Enterprises.

EDP also reports periodic sustainability information in accordance with the highest international standards, such as the Global Reporting Initiative, the Task Force on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board and the EU Taxonomy.

The drivers are the empowerment of communities, the protection of the planet to contribute to its regeneration and the engagement with partners for an impactful transformation anchored in a strong ESG culture: climate governance, strategy and risk management, climate transparency and climate policy and advocacy.

To achieve these policies and commitments, EDP has implemented a framework for the governance of its sustainability objectives, which involves (i) supervision by the General and Supervisory Board; (ii) decision-making and approval from the Executive Board of Directors; and (iii) operational practices for managing, implementing and monitoring the Group's policies and sustainability strategy.

Accordingly, to contribute to its sustainability objectives, since 2005 EDP has had a Code of Ethics that establishes group-wide ethical principles and commitments applicable to all activity, complemented by other policies such as the "Code of Conduct for Senior Management and Senior Financial Officers", the "Integrity Policy", the "Information Security Policy", the "Personal Data Protection Policy", the "Supplier Code of Conduct", the "Code of Good Conduct for Preventing and Combating Harassment at Work" and the "Policy of Respect for Human and Labour Rights".

## **Environmental, Social and Governance**

EDP's Business Plan for 2023-2026 aims to continue to lead the decarbonisation of the energy sector by: (i) further reinforcing renewable investments, with a planned €25 billion energy transition capital expenditure; (ii) annually adding 4.5 GW of renewable energy, with a target of 50 GW added by 2030; and (iii) continuing EDP's fast adoption of innovative solutions.

In 2022, EDP revised its decarbonisation goals to reflect the new SBTi Net-Zero Standard, as follows:

Near-term targets (by 2030):

- reduce scope 1 and 2 GHG emissions 95 per cent. per MWh generated electricity (from a 2020 baseline);
- reduce scope 1 and 3 GHG emissions from all sold electricity 80 per cent. per MWh (from a 2020 baseline);
- reduce absolute scope 3 emissions from use of sold products 45 per cent. (from a 2020 baseline); and
- reduce all other absolute scope 3 GHG emissions 45 per cent. (from a 2020 baseline).

Long-term targets (by 2040):

- reduce scope 1 and 2 GHG emissions 96 per cent. per MWh generated electricity (from a 2020 baseline);

- reduce scope 1 and 3 GHG emissions from all sold electricity 95 per cent. per MWh (from a 2020 baseline);
- reduce absolute scope 3 emissions from use of sold products 90 per cent. (from a 2020 baseline);  
and
- reduce all other absolute scope 3 GHG emissions 90 per cent. (from a 2020 baseline).

EDP has also incorporated ESG objectives into the variable remuneration of the Executive Board of Directors under the remuneration policy since 2007.

## EDP'S OPERATING SEGMENTS

EDP's year-end financial and operational data is presented on the basis of its previous segmentation, prior to the combination of its "Renewables" with its "Client Solutions and Energy Management" operating segments. EDP is reporting on the basis of its new operating segments from the H1 2023 EDP Financial Statements.

### 1. Renewables

Renewables capacity accounts for approximately 80 per cent. of EDP's total installed capacity and is EDP's current main growth driver. Installed capacity as of 31 December 2022 totalled 22.4 GW, including 1.7 GW equity of wind and solar in the United States and Iberia, and hydro in Brazil. The Group operates renewable energy assets in Europe (Spain, Portugal, France, Belgium, Italy, Poland, the UK, Greece, and Romania), North America (United States, Canada, and Mexico), Latin America (Brazil), and Asia/Pacific (Vietnam, China, Singapore, Taiwan, Thailand, Japan, Cambodia and Malaysia). As of 31 December 2022, the average residual life of EDP's renewable portfolio was approximately 25 years. The following table provides an overview of EDP's installed renewables capacity by energy source and country for the years ended 31 December 2021 and 2022 (in MW).

	Year ended 31 December 2022			Year ended 31 December 2021		
	Wind Onshore & Solar	Hydro	Total	Wind Onshore & Solar	Hydro	Total
<b>Total Installed Capacity</b>						
<b>Installed Capacity*</b>	<b>13,809</b>	<b>6,929</b>	<b>20,738</b>	<b>12,490</b>	<b>7,127</b>	<b>19,617</b>
<b>Europe</b>	<b>5,278</b>	<b>5,527</b>	<b>10,805</b>	<b>5,230</b>	<b>5,527</b>	<b>10,757</b>
Portugal	1,271	5,076	6,347	1,142	5,076	6,218
Spain	2,178	451	2,629	2,194	451	2,645
France	214	-	214	181	-	181
Belgium	11	-	11	10	-	10
Poland	734	-	734	747	-	747
Romania	521	-	521	521	-	521
Italy	300	-	300	384	-	384
United Kingdom	5	-	5	5	-	5
Greece	45	-	45	45	-	45
<b>North America</b>	<b>6,649</b>	<b>-</b>	<b>6,649</b>	<b>6,438</b>	<b>-</b>	<b>6,438</b>
United States	6,024	-	6,024	5,908	-	5,908
Canada	130	-	130	130	-	130
México	496	-	496	400	-	400
<b>Latin America</b>	<b>1,171</b>	<b>1,401</b>	<b>2,572</b>	<b>795</b>	<b>1,599</b>	<b>2,394</b>
Brazil	1,171	1,401	2,572	795	1,599	2,394
<b>Asia/Pacific</b>	<b>711</b>	<b>-</b>	<b>711</b>	<b>28</b>	<b>-</b>	<b>28</b>
Vietnam	28	-	28	28	-	28
China	44	-	44	-	-	-
Singapore	230	-	230	-	-	-
Taiwan	1	-	1	-	-	-
Thailand	32	-	32	-	-	-
<b>Equity Installed Capacity*</b>	<b>1,105</b>	<b>551</b>	<b>1,656</b>	<b>1,090</b>	<b>551</b>	<b>1,641</b>
<b>Europe</b>	<b>498</b>	<b>-</b>	<b>498</b>	<b>498</b>	<b>-</b>	<b>498</b>
Portugal	31	-	31	31	-	31
Spain	156	-	156	156	-	156
Belgium	43	-	43	43	-	43
United Kingdom	269	-	269	269	-	269
<b>North America</b>	<b>592</b>	<b>-</b>	<b>592</b>	<b>592</b>	<b>-</b>	<b>592</b>
United States	592	-	592	592	-	592
<b>Latin America</b>	<b>-</b>	<b>551</b>	<b>551</b>	<b>-</b>	<b>551</b>	<b>551</b>
Brazil	-	551	551	-	551	551
<b>Asia/Pacific</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>
Japan	6	-	6	-	-	-
Cambodia	5	-	5	-	-	-
Malaysia	5	-	5	-	-	-

\* Installed Capacity refers to 100 per cent. of the installed capacity of all of EDP's consolidated assets. Equity Installed Capacity refers to the installed capacity of EDP's equity method stakes multiplied by EDP's percentage of ownership.

Wind onshore, offshore and solar energy represented 14,913 MW of capacity or 67 per cent. of EDP's total renewable installed capacity as of 31 December 2022, with a majority of these assets located in North



America (49 per cent.) and Europe (39 per cent.). Hydroelectric power is generated in plants predominantly located in Iberia (74 per cent.) and Brazil (26 per cent.).

During the year ended 31 December 2022, EDP added 2.1 GW of wind & solar capacity to its portfolio, including: (i) in wind onshore: Monte Verde I-VI (319 MW), Jerusalém I (181 MW) and Boqueirão (80 MW) projects in Brazil, Los Canones project in Mexico (96 MW), five wind farms in Spain (145 MW), two wind farms in Poland (100 MW), three wind farms in Italy (83MW), two wind farms in France (32 MW) and two wind farms in Portugal (18 MW); and (ii) in solar: investment in APAC (698 MW, of which 15 MW accounted under equity method), Indiana Crossroads Solar Build & Transfer (200MW) and distributed solar in the US amounting to 116 MW.

EDP completed the following sales in 2022 as part of its asset rotation strategy: (i) a 181 MW wind portfolio in Spain; (ii) a 149 MW wind portfolio in Poland; (iii) a 172 MW wind portfolio in Italy; (iv) a build and transfer agreement of EDPR's 200 MW Indiana Crossroads Solar in the United States; and (v) a 260 MW wind portfolio in Brazil.

As of 31 December 2022, EDP had approximately 4.0 GW of wind and solar projects under construction. This included: (i) onshore wind and solar projects totalling 2.1 GW in North America and 0.8 GW in Europe; (ii) offshore wind projects in the United Kingdom totalling 0.4 GW; and (iii) onshore wind projects in Latin America totalling 0.5 GW.

EDP believes that it holds an attractive and diversified portfolio of renewable assets from a technological and geographic point of view. EDP's renewable energy portfolio typically has long-term contracts (either in the form of "PPAs", contracted tariffs or "feed-in tariffs"), which guarantee a sales price for each megawatt hours ("MWh") of electricity generated, thus limiting price risk of the portfolio significantly. Hydro capacity in Iberia, on the other hand, operates in the liberalised market, thus bearing both price and volume risk, although it benefits from high flexibility. In Brazil, a supportive regulatory structure with mostly contracted prices helps EDP's hydro assets to reduce the impact of potentially volatile weather conditions on its financial results, diversifying exposure to different regulatory frameworks as well as allowing for geographical diversification.

EDP's hydro portfolio comprises 5,527 MW in Iberia (approximately 45 per cent. of which is pumping capacity) and 1,401 MW in Brazil. In Latin America, EDP additionally owns equity stakes in three hydro plants totalling 551 MW (Jari, Cachoeira-Caldeirão and S. Manoel, all in Brazil).

Overall, EDP Renováveis' capacity is long-term contracted with PPAs, feed-in tariffs or other types of incentive mechanisms to renewables. The most significant jurisdictions in terms of wind and solar capacity are:

- the United States, where typically PPAs are signed in tandem with tax incentives (production tax credits, for instance);
- Portugal, where feed-in tariffs are contracted;
- Spain, where volumes are sold in the liberalised market, but a premium is paid so as to compensate the shortfall up to a contracted return; and
- Brazil, where feed-in tariffs and, more recently PPAs are the standard.

Other than EDP Renováveis' assets, the renewables segment also entails EDP's hydro capacity:

- In Iberia, mostly Portugal, EDP's hydro generation assets operate within the liberalised market and thus bear merchant risk, although EDP's hedging policy typically enables the reduction of short-time price risk through derivatives contracting or through the vertical integration in EDP's portfolio of clients; and
- In Brazil, most of EDP's generation assets are contracted with long-term PPAs, mitigating price risk, although volume risk still exists nonetheless.

EDP actively manages and continuously optimises the composition of its renewable energy portfolio by selling assets or holdings in accordance with its asset rotation policy, which allows it to monetise operating assets and redeploy capital to accelerate growth. The following table provides an overview of EDP's Renewables capacity additions, reductions and under construction for the year ended 31 December 2022 (in MW).

	Additions in 2022	Reductions in 2022	Capacity under construction in 2022			
	Wind Onshore & Solar	Wind Onshore & Solar	Wind Onshore & Solar	Wind Offshore	Hydro	Total
<b>Installed Capacity*</b> .....	<b>2,105</b>	<b>963</b>	<b>3,552</b>	-	-	<b>3,552</b>
<b>Europe</b> .....	<b>431</b>	<b>502</b>	<b>847</b>	-	-	<b>847</b>
Portugal.....	26	-	192	-	-	192
Spain .....	153	181	132	-	-	132
France .....	33	-	15	-	-	15
Belgium .....	-	-	-	-	-	-
Poland .....	136	149	196	-	-	196
Romania.....	-	-	-	-	-	-
Italy .....	83	172	313	-	-	313
<b>North America</b> .....	<b>411</b>	<b>200</b>	<b>2,075</b>	-	-	<b>2,075</b>
United States.....	315	200	1,775	-	-	1,775
Canada .....	-	-	300	-	-	300
México.....	96	-	-	-	-	-
<b>Latin America</b> .....	<b>580</b>	<b>260</b>	<b>504</b>	-	-	<b>504</b>
Brazil .....	580	260	-	-	-	-
Colombia .....	-	-	504	-	-	504
<b>Asia/Pacific</b> .....	<b>683</b>	-	<b>126</b>	-	-	<b>126</b>
Vietnam .....	377	-	-	-	-	-
China.....	44	-	26	-	-	26
Singapore.....	230	-	88	-	-	88
Taiwan .....	1	-	6	-	-	6
Thailand.....	32	-	6	-	-	6
<b>Equity Installed Capacity**</b> .....	<b>15</b>	-	-	<b>431</b>	-	<b>431</b>
<b>Europe</b> .....	-	-	-	<b>431</b>	-	<b>431</b>
United Kingdom.....	-	-	-	419	-	419
France .....	-	-	-	12	-	12
<b>Asia/Pacific</b> .....	<b>15</b>	-	-	-	-	-
Japan .....	6	-	-	-	-	-
Cambodia.....	5	-	-	-	-	-
Malaysia .....	5	-	-	-	-	-

\* Installed Capacity refers to 100 per cent. of the installed capacity of all of EDP's consolidated assets.

\*\* Equity Installed Capacity refers to the installed capacity of EDP's equity method stakes multiplied by EDP's percentage of ownership.

In 2022, EDP produced 45,329 GWh of clean electricity representing 74 per cent. of its production in its generation portfolio (2 per cent. below 2021). The following table provides an overview of EDP's renewable production volumes by technology and geographies in 2022 and 2021 (in MW).

Total Generation	Year ended 31 December 2022			Year ended 31 December 2021		
	Wind Onshore & Solar	Hydro	Total	Wind Onshore & Solar	Hydro	Total
<b>Electricity Generation (GWh).....</b>	<b>33,554</b>	<b>11,775</b>	<b>45,329</b>	<b>30,324</b>	<b>15,283</b>	<b>45,608</b>
<b>Europe .....</b>	<b>11,868</b>	<b>6,044</b>	<b>17,912</b>	<b>11,358</b>	<b>9,805</b>	<b>21,162</b>
Portugal .....	2,798	5,585	8,383	3,049	9,033	12,082
Spain .....	4,890	459	5,349	4,979	772	5,751
France.....	411	-	411	314	-	314
Belgium.....	24	-	24	22	-	22
Poland .....	1,740	-	1,740	1,176	-	1,176
Romania .....	1,163	-	1,163	1,116	-	1,116
Italy .....	739	-	737	689	-	689
United Kingdom .....	10	-	10	4	-	4
Greece .....	93	-	93	9	-	9
<b>North America .....</b>	<b>18,362</b>	<b>-</b>	<b>18,362</b>	<b>17,057</b>	<b>-</b>	<b>17,057</b>
United States.....	17,029	-	17,029	15,814	-	15,814
Canada.....	360	-	360	255	-	255
México .....	973	-	973	987	-	987
<b>Latin America .....</b>	<b>2,689</b>	<b>5,731</b>	<b>8,420</b>	<b>1,888</b>	<b>5,478</b>	<b>7,366</b>
Brazil.....	2,689	5,731	8,420	1,888	5,478	7,366
<b>Asia/Pacific.....</b>	<b>636</b>	<b>-</b>	<b>636</b>	<b>23</b>	<b>-</b>	<b>23</b>
Vietnam.....	393	-	393	23	-	23
China .....	28	-	28	-	-	-
Singapore .....	184	-	184	-	-	-
Taiwan .....	1	-	1	-	-	-
Thailand .....	30	-	30	-	-	-

### Renewables North America

In North America, installed capacity (6.6 GW) is 93 per cent. wind and 7 per cent. PV (474 MW). Additionally, EDP owns equity stakes in other wind and solar projects totalling 592 MW. In line with EDP's long-term contracted growth strategy, the 0.4 GW additions to EDP's portfolio in 2022 were PPA contracted. In 2022, approximately 90 per cent. of total installed capacity was PPA/hedged contracted.

Electricity production increased 8 per cent. year-on-year on the back of a 10 per cent. increase in average wind resources to 4 per cent. above long-term average (P50). Average selling prices in 2022 were slightly lower year-on-year at USD 43 per MWh.

### Renewables Iberia

In Iberia, wind and solar output decreased by 4 per cent. year-on-year, to 7.7 TWh, mainly due to lower wind resources. Average selling prices increased by 52 per cent. year-on-year in Spain mirroring the instability in energy markets following the conflict between Russia and Ukraine.

### Renewables in the rest of Europe

In the rest of Europe (excluding Iberia), EDP's installed capacity is mostly focused on onshore wind (1,737 MW), while solar capacity is mostly based in Romania (50 MW) and Poland (36MW). During the year ended 31 December 2022, EDP added 251 MW to its portfolio. EDP has 0.5 GW under construction, 313 MW in Italy, 196 MW in Poland and 15 MW in France. Output increased 26 per cent. to 4.2 TWh, mainly due to the 2 per cent. year-on-year increase in average load factor.

## Renewables Brazil

EDP's renewable portfolio in Brazil encompasses 2.6 GW of consolidated installed capacity, 54 per cent. of which is in hydro, mostly PPA-contracted, and 46 per cent. of which is in wind onshore and solar. Additionally, EDP owns equity stakes in hydro plants, representing an attributable capacity of 551 MW.

Solar installed capacity increased to 260 MW. The decreased load factor from 41 per cent. to 39 per cent. year-on-year coupled with the increase in wind capacity (+319 MW), translated into an increase in wind and solar output of 39 per cent. to 2,625 GWh (compared to 1,888 GWh in 2021).

## 2. Networks

EDP's Networks operating segment comprises activities related to electricity distribution in the Iberian Peninsula and Brazil, as well as the Group's electricity transmission operations in Brazil.

Electricity distribution is an activity regulated under licences or concessions. Since these activities are highly regulated, they provide long-term stable and predictable cash flow streams as well as significant growth prospects in the context of the energy transition.

EDP's electricity distribution grid extends over 380,788 km as of 31 December 2022. During 2022, EDP distributed 85,272 GWh of electricity to over 11,583 supply points. EDP's distribution grid does not include gas distribution, which EDP discontinued in 2017 following the disposal of all of its gas distribution assets in Spain and Portugal.

The following table provides an overview of key operational indicators of EDP's Networks business as of 31 December 2022 and 2021:

	31 December 2022			31 December 2021		
	Network length (km)	Distributed Volume (GWh)	Supply points ('000)	Network length (km)	Distributed Volume (GWh)	Supply points ('000)
<b>Distribution Networks</b> .....	<b>380,788</b>	<b>85,272</b>	<b>11,583</b>	<b>378,155</b>	<b>84,885</b>	<b>11,427</b>
Portugal.....	232,089	45,494	6,425	230,676	44,752	6,370
Spain .....	52,644	13,286	1,383	52,493	14,117	1,376
Brazil .....	96,055	26,491	3,775	94,986	26,016	3,680
<b>Transmission Networks</b>	<b>2,185</b>	-	-	<b>162</b>	-	-
Brazil .....	2,185	-	-	162	-	-

Revenue for electricity distributors in Portugal, Spain and Brazil is determined by a remuneration framework based on regulatory asset base ("**RAB**"). Under this model, regulators approximate how much money a distribution network company has invested in the energy infrastructure network and recognises a return on that investment. The aggregate RAB of the Group's networks amounted to approximately €7.0 billion as of 31 December 2022 (69 per cent. based in Iberia and 31 per cent. in Brazil), an increase of 13 per cent. from 2021. This remuneration framework is thus mostly dependent of the investment on RAB and the return allowed on the investments. Investments are allowed by the regulator under a specific benchmark or set of assumptions for cost of investment and the network operators may either outperform or underperform such benchmark. Demand bears little impact on the remuneration of distribution in Portugal and none in Spain, while for Brazil its impact is more significant, even though a remuneration framework on RAB is still followed.

## Distribution in Iberia

### Portugal

#### Electricity Distribution

E-Redes is EDP's regulated electricity distribution company in Portugal, which operates under a public service concession. Within the scope of its activity, E-Redes performs approximately 95 per cent. of the electricity distribution in Portugal.

E-Redes had over 232,000 km of network in Portugal on 31 December 2022, (an increase of 1 per cent. year-on-year), of which 78 per cent. corresponds to overhead lines and 22 per cent. to underground lines.

For the year ended 31 December 2022, the volume of electricity distributed increased by 2 per cent. to 45,494 GWh from 44,752 GWh in 2021, mostly in line with the increase in the number of supply points. E-Redes had 6.4 million supply points in 2022, a 1 per cent. increase compared to the previous year.

#### *Service quality*

The quality of E-Redes' technical service, monitored by the Energy Services Regulatory Authority ("ERSE"), is measured by the indicator "installed capacity equivalent interruption time" ("ICEIT"), which measures the specific amount of interruption time under EDP's control. In 2022, ICEIT increased 8 per cent. year-on-year to approximately 54 minutes, remaining below the regulator's benchmark.

E-Redes continued to invest in the maintenance of its systems and continues to undertake new technical and organisational initiatives, which have enabled its distribution network to function properly despite adverse weather conditions. E-Redes is particularly focused on Portuguese regions that have historically recorded comparatively lower levels of quality of service, for which it has devised specific improvement plans that include maintenance, restructuring and strengthening of networks.

#### *Innovation*

The transition towards a smarter network is a key enabling factor of the energy transition and an increasingly important part of E-Redes' strategy. To increase efficiency, reduce costs and improve the quality of supply, while also allowing for distributed generation and servicing of electric vehicles, E-Redes developed InovGrid. InovGrid is an innovative project that seeks to introduce advanced metering infrastructure improvements to its network management capability in Portugal through the use of smart meters. E-Redes believes that InovGrid will bring significant benefits to customers, with increased control over energy consumed, increased flexibility of tariffs and value added services.

During 2022, E-Redes installed 703,255 Boxes smart meters ("EBs") in Portugal, resulting in a total installed base of approximately 4.6 million EBs as of 31 December 2022.

In addition to smart metering, E-Redes is introducing remote metering in all locations of transformers and public lighting circuits. It has also installed distribution transformer controllers to monitor the grid in low-voltage substations. As of 31 December 2022, there were approximately 39,800 distribution transformer controllers installed in Portugal, of which around 5,800 units were installed between 1 January and 31 December 2022.

#### *Operational Efficiency*

The increase in operational efficiency at E-Redes has allowed more customers to be served and more energy distributed with fewer employees. At E-Redes, the ratio of supply points per employee, frequently used as a measure of productivity in distribution companies, increased from 1,052 in 2004 to 2,316 for the year ended 31 December 2022. The energy distributed per employee as of 31 December 2022 was 16.4 GWh compared to 7.4 GWh in 2004.

### ***Spain***

#### *Electricity Distribution*

E-Redes España is EDP's Spanish regulated electricity distribution company that operates under a public service licence. E-Redes España has an electricity distribution network covering the regions of Asturias (representing a large majority of its network), Cantabria, Murcia, the Basque Country, Madrid, Valencia, Catalonia and Aragon, totalling 52,644 km on 31 December 2022.

The volume of electricity distributed by the Group in Spain decreased to 13,286 GWh in 2022 from 14,117 GWh in 2021, due to a milder winter and high electricity prices. As of 31 December 2022, EDP España's

electricity distribution business had approximately 1,383,000 supply points, a flat figure compared to the previous year.

#### *Service Quality*

Investments made in recent years together with the continuous employment of good work practices have resulted in a decrease in supply interruptions over the period under review. Despite the challenging topographic characteristics in most of its market, EDP believes that EDP España is a leader in service quality in the Spanish electricity system. In 2022, ICEIT decreased 3 minutes compared to the same period last year, to 17.5 minutes.

#### *Efficiency of operations*

The results of EDP España's distribution network reflect the Group's continued efforts to maintain a high level of efficiency. In the electricity distribution area, productivity in the year ended 31 December 2022 was 24.9 GWh distributed per employee and 2,594 supply points per employee.

### **Brazil**

#### *Electricity Distribution*

Power transmission and distribution activities are natural monopolies in Brazil. Most Brazilian power distribution consumers are still legally obliged to purchase energy from the local distribution companies to which they are connected. As such, the regulated electricity market in Brazil is composed mainly of distribution companies and captive consumers whose commercial relationship is fully regulated by the Brazilian National Electric Energy Agency ("ANEEL").

EDP's distribution activities in Brazil are carried out by two concessionaires, EDP São Paulo and EDP Espírito Santo which together serve more than 3.8 million customers. EDP São Paulo distributes electricity in 28 cities in Alto Tietê, Vale do Paraíba and regions of the north coast in São Paulo State and EDP Espírito Santo performs its activity in 70 cities in Espírito Santo State, which represents 90 per cent. of the territory of Espírito Santo.

Distributed electricity in Brazil increased 2 per cent. in 2022 compared to 2021 mostly in line with the growth in the number of supply points that increased from 3.7 million in 2021 to 3.8 million in 2022.

In December 2022, EDP held 29.9 per cent. of the total shares of CELESC, the electricity utility company for the southern Brazilian state of Santa Catarina.

#### *Service Quality*

Equivalent Interruption Duration per Customer ("**DEC**") measures the time a customer has run out of electricity in each period. ANEEL sets limits for this indicator and requires distribution companies to maintain a minimum level of service quality. To this end, EDP conducts regular preventive maintenance inspections and improvement measures to reduce the number of faults in the electricity grid and ensure the rapid recovery of operation in case of a fault.

In year ended 31 December 2022, EDP Brasil posted stable results, with DEC 12.2 hours for EDP São Paulo (from 12.7 hours in 2021) and 13.8 hours for EDP Espírito Santo (from 15.1 hours in 2021) in compliance with ANEEL standards.

#### *Electricity transmission in Brazil*

The electricity system in Brazil is connected by transmission lines that transport electricity produced in remote areas of Brazil to major consumers' markets, mainly located in the south-east of the country. The grid is actually managed by the Operator of the National Electricity System, a non-profit entity responsible for the coordination and control of generation and transmission installations in the National Interconnected System to reduce global costs and enhance security of supply, especially during dry seasons.

In October 2016, EDP Brasil won its first transmission concession and in April 2017, EDP Brasil strengthened its position in the Brazilian electric transmission market by winning a concession to operate four additional electricity transmission lines in a regulated area. As a result, EDP Brasil invested over R\$3

billion in the construction of approximately 1,300 km of transmission lines in the states of Santa Catarina, São Paulo, Minas Gerais, Espírito Santo and Maranhão, which are all already operating as of 31 December 2022.

On 28 May 2019, EDP announced the acquisition of a transmission line with a total length of 142 km and two sub-stations, from CEE Power and Brafer, for R\$407 million, including acquisition price and investment amount.

In December 2021, EDP sold three transmission lines already in operation (about 439 km) to Actis for R\$1.3 billion.

On 7 February 2022, EDP concluded the investment in 99.99 per cent. of Celg Transmissão S.A. ("**Celg-T**") equity shares, for an amount of R\$2,115 million.

### 3. *Clients Solutions and Energy Management*

The Clients Solutions and Energy Management segment includes customer services, energy trading and thermal generation in Portugal, Spain and Brazil.

#### **Clients Solutions and Energy Management in Iberia**

For the year ended 31 December 2022, EDP supplied 30,069 GWh of electricity to approximately 3.9 million customers and 6,802 GWh of gas to approximately 554,000 customers in Iberia. The following table sets forth EDP's electricity and gas customer base in Iberia as of 31 December 2022 and 31 December 2021, as well as volumes sold during 2022 and 2021.

	31 December 2022				31 December 2021			
	Electricity		Gas		Electricity		Gas	
	<i>B2B</i>	<i>B2C</i>	<i>B2B</i>	<i>B2C</i>	<i>B2B</i>	<i>B2C</i>	<i>B2B</i>	<i>B2C</i>
<b>Customers ('000)</b> .....	<b>430</b>	<b>3,505</b>	<b>22</b>	<b>532</b>	<b>147</b>	<b>3,897</b>	<b>8</b>	<b>647</b>
Portugal .....	410	3,505	19	532	125	3,897	4	647
Spain .....	20	-	4	-	22	-	4	-
<b>Energy Supplied (GWh)</b> .....	<b>21,825</b>	<b>8,244</b>	<b>5,499</b>	<b>1,304</b>	<b>20,217</b>	<b>8,399</b>	<b>6,522</b>	<b>1,530</b>
Portugal .....	9,580	8,244	2,214	1,304	9,257	8,399	2,705	1,530
Spain .....	12,244	-	3,284	-	10,959	-	3,818	-

As of 31 December 2022, the number of electricity clients in Portugal and Spain (business-to-business ("**B2B**") only) remain stable, as EDP maintains its focus on service quality and is leveraging on its customer portfolio to increase the penetration rate of new services per client.

EDP believes that its energy services business will play an increasingly important role in creating value for EDP and its customers. EDP is focused on designing and implementing value-added solutions for B2B and business-to-consumer ("**B2C**") customers, from energy efficiency and microgeneration to electricity quality monitoring and maintenance of electrical equipment. The penetration rate of new services increased by 4 per cent. from 31 per cent. in 2021 to 35 per cent. in December 2022, as a consequence of an 11 per cent. increase in the number of Funciona. EDP keeps growing into new energy solutions involving its clients in the energy transition and, in 2022, EDP installed approximately 8,200 distributed solar panels (a 38 per cent. increase compared to 2021) in Portugal B2C.

In total, the amount of electricity supplied in 2022 increased by 5 per cent. compared to 2021 following the total economic recovery from the COVID-19 pandemic.

#### ***Portugal***

##### *Supply of Electricity and Natural Gas*

EDP currently holds the leading position in the Portuguese electricity supply domestic market, according to ERSE, and supplies electricity and natural gas to customers in the liberalised market through EDP Comercial.

##### *Supply in the liberalised market*

The electricity sold by EDP Comercial in 2022 amounted to 17,824 GWh, compared to 17,656 GWh in 2021. As at 31 December 2022, the number of customers was approximately 3,916 thousand, compared to 4,022 thousand customers at 31 December 2021. This decrease in customers is a function of price competition in the supply market.

Regarding gas supply, EDP Comercial's B2C gas customers in the year ended 31 December 2022 reached 532,000 compared to 647,000 in the year ended 31 December 2021.

##### *Last Resort Supplier*

Under Portuguese law, transitory last resort supply tariffs are available to encourage Portuguese customers to switch to the liberalised natural gas and electricity markets. Customers can nevertheless opt for a regulated tariff even if they have moved to the liberalised market.



In Portugal, EDP supplies electricity in the regulated market through SU Eletricidade, formerly EDP Serviço Universal, S.A. The prices that SU Eletricidade charges for the electricity supplied to the customers remaining in the regulated market are uniform throughout mainland Portugal and subject to extensive regulation. Revenues for last resort suppliers comprise different components according to the regulated activity: (i) the costs with the purchase and sale of energy and the access to the networks are fully recovered and recognised in the regulated cost base; and (ii) the operational expenditure for the commercialisation activity, which is subject to a price-cap mechanism, with an efficiency factor of 1.5 per cent. Total clients supplied by SU Eletricidade in the year ended 31 December 2022 increased by 5 per cent. to 973,000 from 930,000 as of 31 December 2021. Volumes supplied by SU Eletricidade increased from 2.3 TWh in 2021 to 2.8 TWh in the year ended 31 December 2022. The increase in the number of clients as well as in the volumes supplied are directly correlated with the instability in energy markets due to the conflict between Russia and Ukraine.

EDP Gás SU is the entity responsible for the supply of natural gas in the regulated market. As of 31 December 2022, EDP Gás SU had 77,000 customers and supplied 195 GWh during 2022 an increase of 139 per cent. and 26 per cent. year-on-year, respectively. This sharp increase is related with the instability in energy markets due to the conflict between Russia and Ukraine.

The following table provides an overview of the last resort supply customers and energy volumes as of 31 December 2022 and 2021:

	Year ended 31 December 2022		Year ended 31 December 2021	
	Customers ('000)	Energy Supplied (GWh)	Customers ('000)	Energy Supplied (GWh)
Electricity .....	973	2,815	930	2,343
Gas.....	77	195	32	155

## Spain

### Supply of Electricity and Natural Gas

In Spain, EDP supplies electricity and natural gas to customers in the liberalised market through EDP España and EDP Comercializadora.

### Supply in the liberalised market

The electricity sold by EDP Comercializadora in 2022 amounted to 12,244 GWh, compared to 10,959 GWh in 2021. As of 31 December 2022, the number of customers was approximately 20,000, a 9 per cent. decrease when compared with the previous year.

The volume of gas supplied by EDP Comercializadora in 2022 amounted to 3,284 GWh, compared to 3,818 GWh in 2021. As of 31 December 2022, the number of customers was approximately 4,000.

## Thermal Generation and Energy Management in Iberia

EDP's thermal generation assets in Iberia have an aggregate total maximum capacity of 4.7 GW as of 31 December 2022. CCGTs represent 61 per cent. of total maximum capacity, followed by coal plants (38 per cent.), and cogeneration plants (1 per cent.).

The following table sets forth EDP's thermal installed capacity as of 31 December 2022 and 31 December 2021, as well as electricity generation from its thermal infrastructure during 2022 and 2021.

	Year ended 31 December 2022					Year ended 31 December 2021				
	CCGT	Coal	Nuclear	Cogeneration and Waste	Total	CCGT	Coal	Nuclear	Cogeneration and Waste	Total
Installed Capacity .....	2,886	2,540	-	23	5,449	2,886	1,970	-	23	4,879
Portugal .....	2,031	-	-	17	2,049	2,031	-	-	17	2,049
Spain .....	854	1,820	-	5	2,680	854	1,250	-	5	2,110
Brazil .....	-	720	-	-	720	-	720	-	-	720
Equity Installed Capacity.	-	-	156	10	166	-	-	156	10	166
Portugal .....	-	-	-	-	-	-	-	-	-	-
Spain .....	-	-	156	10	166	-	-	156	10	166

	Year ended 31 December 2022					Year ended 31 December 2021				
	CCGT	Coal	Nuclear	Cogeneration and Waste	Total	CCGT	Coal	Nuclear	Cogeneration and Waste	Total
Electricity Generation .....	9,033	2,540	-	158	16,021	6,435	7,569	-	173	14,176
Portugal .....	5,161	-	-	141	5,302	3,836	-	-	125	3,961
Spain .....	3,872	6,826	-	17	10,716	2,599	4,152	-	48	6,799
Brazil	-	4	-	-	4	-	3,417	-	-	3,417

Power generation is a liberalised activity in Iberia. EDP sells its thermal electricity output in Mercado Ibérico de Electricidade – Iberian Electricity Market ("MIBEL") directly to energy consumers at spot market prices set on a daily basis.

### *Iberia*

EDP's thermal generation infrastructure in Portugal consist of two power plants. The plants are CCGT installations located in Carregado (CCGT do Ribatejo with an installed capacity of 1,169 MW) and Figueira da Foz (Lares I and Lares II with an installed capacity of 863 MW).

Thermal generation in 2022 increased 34 per cent. compared to 2021, largely explained by the severe drought affecting the Iberian territory that impacted hydro generation in 2022.

As of 31 December 2022, EDP España had a total installed thermal capacity of 2,680 MW. CCGT power installations accounted for 854 MW, coal-fired plants for 1,820 MW, and cogeneration and biomass plants for 5 MW. EDP also holds a minority participation in Central Nuclear Trillo I, A.I.E., which owns the nuclear power plant in Trillo, corresponding to 156 MW of the plant's net capacity of 1,003 MW. In line with the objective of reducing emissions from its existing thermal power plants, approximately 72 per cent. of EDP's coal portfolio in Spain owned DeSOx / DeNOx equipment on 31 December 2022.

### *Energy Transition*

The acceleration of the energy transition process in recent years has led to a progressive downgrade of the operating outlook for coal plants in the Iberian market. The competitiveness of these assets has been impacted by the higher cost of CO<sub>2</sub> emissions, lower gas prices and the planned faster growth pace of renewable installed capacity. As a result, EDP has decided to anticipate the shutdown process of its coal power plants in Iberia and continues to develop conversion projects for green energy hubs where the its coal plants are located, such as:

- *Sines*: This plant has been shut-down since January 2021. For this site, EDP is developing, in consortium with other companies, a project for the production of green hydrogen called GreenH2Atlantic (100MW electrolysis). In addition to domestic use, this project has the potential to export green hydrogen by sea and has already secured €30 million from the EU's Green Deal, and has been selected as an awardee of the 2023 Innovation Fund;
- *Soto de Ribera 3*: EDP plans to shut down the coal unit, in line with its commitments regarding coal shutdown, and is developing energy storage and green hydrogen projects (up to 500MW electrolysis) for this location, with flow battery under construction (a €1.2 million grant has been secured) and a 5MW green hydrogen project (a €6 million grant has been secured from Spain's recovery and resilience programme);
- *Aboño*: as this plant is important for the stability of the electricity sector, and because of its ability to use blast furnace gases produced by others in the region, EDP is planning to convert Aboño 2 to use natural gas as its main fuel instead of coal, which will significantly reduce emissions and result in the shutdown of Aboño 1. Furthermore, and given its location in an industrial landscape, EDP is developing a green hydrogen project for the site (up to 500MW electrolysis) and has secured approximately €30 million from Spain's Recovery and Resilience Programme. In addition to obtaining the IPCEI label for this 100MW project, Aboño has been selected as an awardee of the 2023 Innovation Fund;

- *Puente Nuevo*: This coal plant (as well as Los Barrios, below) was purchased as part of EDP's acquisition of Viesgo transaction and is inactive. EDP is in the process of developing a transition programme based on RES; and
- *Los Barrios*: EDP plans to shut down the coal unit, in line with its commitments to shutting down coal plants. This site is favourably located, next to industrial demand, for the installation of RES projects and a green hydrogen plant (up to 500MW). Both projects are under development by EDP; the green hydrogen plant has secured a €4 million grant from Spain's Recovery and Resilience Programme, and obtained the IPCEI label for a 100MW project.

## **Clients Solutions, Thermal Generation and Energy Management in Brazil**

### *Clients and Energy Management*

EDP supplies electricity in the liberalised market in Brazil through EDP Comercializadora de Energia, which operates both inside and outside the concession areas of the two distributors of EDP Brasil that operate in the regulated market.

EDP Comercializadora de Energia supplied 17,836 GWh in the year ended 31 December 2022, compared to 14,690 GWh in the previous year. The 21 per cent. increase in electricity supplied is due to an increase in captive market customers, which have switched from other suppliers in the liberalised market, due primarily to price competition.

EDP Grid and APS are EDP Brasil's business units leading the transition to the low carbon economy. The business operates based on the assumption that it is possible to reduce energy consumption by installing more efficient equipment and developing energy generation and cogeneration projects with less polluting alternative sources, prioritising the reuse of waste. EDP Grid is also responsible for the Group's solar energy operations in Brazil.

### *Thermal Generation and Energy Management in Brazil*

EDP's thermal generation infrastructure in Brazil is concentrated in the Pecém 720 MW coal power plant located in the Ceará state. The plant has a PPA for remuneration according to availability of the plant thermal technical availability increased from 94 per cent. in 2021 to 97 per cent. in 2022, largely as a result of the Group's efforts to improve operation and maintenance standards above the regulatory target of 83.75 per cent.

EDP's thermal generation plant, Pecém I, was not used for the whole of 2022 as a result of better hydro conditions in the northeast of Brazil. Nevertheless, providing this plant is PPA remunerated based on availability, results tend to be stable and less dependent on actual production.

## **EDP'S OTHER ACTIVITIES**

EDP also has financial interests in other energy and non-energy-related assets, notably a 10.6 per cent. indirect interest in Companhia de Electricidade de Macau – CEM, S.A. which is a utility company that acts as the exclusive concessionaire for transmission, distribution and supply of electricity in the Macau Special Administrative Region since 1985.

## LITIGATION

At any given time, EDP and its subsidiaries may be party to litigation or subject to non-litigated claims arising out of the normal operations of its global business. These legal, arbitration or other actions involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In addition to such matters listed below,

Holders should refer to Note 33 (*Provisions*) and Note 4 (*Critical accounting estimates and judgements in preparing financial statements*) to the H1 2023 EDP Financial Statements and Note 36 (*Provisions*), Note 4 (*Critical accounting estimates and judgements in preparing financial statements*) and Note 50 (*Investigation process about CMEC and DPH*) to the 2022 EDP Financial Statements.

### ***Investigation regarding the early termination of certain PPAs, the costs for the maintenance of the CMEC and certain payments made in relation to its rights in respect of the Public Hydro Domain concession***

In 2003, changes in EU legislation occurred aiming to deepen the liberalisation of the energy sector. In parallel, the government of Portugal and Spain assumed the commitment for the implementation of MIBEL. Aiming to achieve such objectives, Decree-Law no. 240/2004 was published, which provided for the early termination of the PPAs that were signed in 1996. As a result of this required early termination, EDP and REN agreed in 2005, subject to a set of conditions (and with amendments in 2007), to the early termination of their long-term PPAs, with effect on the date in which such conditions were met (meaning 1 July 2007). One of such conditions was the grant of the right of use for the Public Hydro Domain ("**DPH**") until the useful life of the equipment and of the civil infrastructures, for each hydroelectric power plant. The methodology which was used to determine the amount of the compensation that EDP was entitled to receive in connection with such early termination, the CMEC, was approved by the EC in 2004 (Decision N161/2004) which considered the compensation as effectively and strictly necessary. Moreover, Decree-Law no. 240/2004 was passed under legislative authorisation by the Portuguese parliament.

On 8 March 2008, following the provision of Decree-Law no. 226-A/2007 that targeted the regularisation of historic rights regarding the use of DPH, the Portuguese government, REN and EDP Gestão da Produção signed several service concession arrangements for which EDP Produção paid €759 million as consideration of the economic and financial balance for the use of the DPH (including hydro resources tax, amounting to €55 million). The additional payment obligation did not exist within the 2004 legal framework that granted to hydroelectric power plants holders the option to continue to exploit such plants until the end of the respective useful life.

In 2012, the EC and the Portuguese authorities ("**Public Prosecution Services**") received complaints concerning the early termination of the PPAs and the methodology used for the calculation of the CMEC, as well as in respect of EDP's rights to use the DPH.

Following the complaint received, the EC requested clarifications from the Portuguese state in relation to the early termination of the PPAs and its replacement for the CMEC, having concluded in September 2013 that the compensation payments received for early termination did not exceed what was necessary to repay the shortfall in investment costs repayable over the asset's lifetime, and determined that the implementation of the CMEC remains in keeping with the terms notified to and approved by the EC in 2004. Thus, the EC decided that no in-depth investigation into the CMEC process was required. Nevertheless, in the same document, the EC considered relevant to perform in-depth investigation regarding the concession rights of DPH by EDP plants.

On 15 May 2017, the EC formally concluded its in-depth investigation into the DPH concession rights concluding that the compensation paid by EDP was compatible with market conditions. The EC also concluded that the financial methodology used to assess the price of the concessions was appropriate and resulted in a fair market price, and therefore, no state aid had been granted to EDP.

As such, EDP believes that the amounts due for the termination of PPAs under the CMEC and the amount paid for the DPH concession rights were fair and in compliance with market conditions and based on arm's length transactions.

On 2 June 2017, EDP became aware of Portugal's Public Prosecution Services investigation (the "Investigation") in relation to the amounts due to EDP for the termination of the PPAs and compensation

paid by EDP for the DPH concessions (in the context of which EDP allegedly has been favoured in the amount of €1.2 billion, of which: (i) €339.5 million allegedly relate to the use of inadequate interest rates in the calculation and tariff repercussion of the initial CMEC; (ii) €852 million allegedly relate to the use of incorrect interest rates in the valuation of the DPH; and (iii) €55 million allegedly relating to a supposed "pardon" of the water resources tax). Portugal's Public Prosecution Services stated that the Investigation relates to possible crimes of active and passive corruption and economic participation in business and it conducted searches at the offices of EDP, grid operator REN and the local division of a consulting group. In the context of the Investigation, the Portuguese Public Prosecution Services stated that Mr. António Luís Guerra Nunes Mexia and Mr. João Manuel Manso Neto, then chairman and member of the Executive Board of Directors of EDP – Energias de Portugal, S.A., respectively, as well as former EDP directors that had signed the relevant contracts, were named as targets of the Investigation.

On 5 June 2020, EDP – Energias de Portugal, S.A.'s then Chairman of the Executive Board of Directors, Mr. António Luís Guerra Nunes Mexia, and then Member of the Executive Board of Directors of EDP Mr. João Manuel Manso Neto, were notified of the Public Prosecution Services' proposals to the Portuguese Central Court of Criminal Instruction (the "Court") regarding a review of the measures of constraint against such individuals in connection with the Investigation. The proposed measures being sought by the Public Prosecution Services included the suspension of their functions as members of the Executive Board of Directors of EDP – Energias de Portugal, S.A. and its subsidiaries.

On 6 July 2020, the Court adopted the measures of constraint being sought by the Public Prosecution Services and Mr. António Luís Guerra Nunes Mexia and Mr. João Manuel Manso Neto were suspended from their functions at EDP and its subsidiaries. The Investigation continues in the inquiry phase and neither Mr. António Luís Guerra Nunes Mexia nor Mr. João Manuel Manso Neto have been formally charged. The General and Supervisory Board and the Executive Board of Directors designated Mr. Miguel Stilwell de Andrade as Interim (now effective) Chairman of the Executive Board of Directors of EDP – Energias de Portugal, S.A. while Mr. António Luís Guerra Nunes Mexia was suspended, in addition to his former role as Chief Financial Officer.

On 30 November 2020, and as disclosed to the market on such date, EDP received a letter from Mr. António Mexia, suspended Chief Executive Officer, and a letter from Mr. João Manso Neto, suspended Member of the Executive Board of Directors, informing EDP – Energias de Portugal, S.A. of their unavailability to join any candidate list to the corporate bodies of EDP for the upcoming term-of-office (2021-2023).

On 19 January 2021, an Extraordinary General Shareholders' Meeting was held, and a new management team was appointed to the Executive Board of Directors, for the 2021-2023 period.

As the Investigation is ongoing, there can be no assurance as to its ultimate outcome, including whether any formal charges will be brought against any persons or entities. It is not possible to predict any outcome at this stage in the process.

***In the context of the Investigation, EDP – Energias de Portugal, S.A. has been named as a defendant regarding the alleged improper hiring of the father of the former energy secretary of state, Mr. Artur Trindade***

On 13 July 2020, EDP was notified that, in the context of the Investigation, the Public Prosecution Services has requested that EDP be named as a defendant – under articles 374 (active corruption) and 374-A (qualification) of the Portuguese Penal Code – in connection with the alleged improper hiring of the father of the former Energy Secretary of State, Mr. Artur Trindade (also named Artur Trindade) as an external consultant to EDP's Institutional Relations and Stakeholders Department, between 2012 and 2016.

According to the notification, the Public Prosecution Services proposed to convene a hearing of EDP's legal representative. To date, such diligence has already occurred and EDP was named as a defendant in the context of such Investigation. EDP believes that there are no grounds for the reasons why EDP has been named as a defendant and is waiting for the conclusion of the Investigation. As of the date of this Offering Memorandum, it is uncertain when the Investigation will be concluded.

## REGULATORY FRAMEWORK

### EUROPEAN ENERGY POLICY

#### 1. Clean Energy for All Europeans

On 30 November 2016, the EC presented a package proposal, known as the Clean Energy for All Europeans ("CEP"), which was prepared pursuant to the commitments undertaken in the Paris Agreement, adopted on 12 December 2015 at COP21, to facilitate the transition away from fossil fuels toward clean energy.

The CEP consists of the following legislative acts (after publication in the Official Journal of the EU ("OJEU"), Regulations apply directly to all EU Member States while Directives have to be transposed into national law):

- Directive 2018/844 of the European Parliament and of the Council of 30 May 2018, amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency;
- Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action;
- Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast);
- Directive (EU) 2018/2002 of the European Parliament and of the Council of 11 December 2018 amending Directive 2012/27/EU on energy efficiency;
- Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk-preparedness in the electricity sector and repealing Directive 2005/89/EC;
- Regulation (EU) 2019/942 of the European Parliament and of the Council of 5 June 2019 establishing a European Union Agency for the Cooperation of Energy Regulators;
- Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity;
- Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU; and
- Regulation (EU) 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure, amending Directive 2009/73/EC.

The changes in the EU energy policy framework intend to bring considerable benefits from a consumer, environmental and economic perspective. They also underline the EU's leadership in tackling global warming and aim to provide an important contribution to the EU's long-term strategy of achieving carbon neutrality by 2050.

In particular, the CEP updates the following EU targets for 2030:

- 40 per cent. cut in greenhouse gas ("GHG") emissions compared to 1990 levels;
- 32 per cent. for renewable energy sources ("RES") in the EU's energy mix;
- 32.5 per cent. energy efficiency target, relative to a baseline scenario established in 2007; and
- 15 per cent. of interconnection capacity.

## 2. Long Term Strategy for 2050 – "*Clean Planet for all*"

On 28 November 2018, the EC set out its long-term vision for a prosperous, modern, competitive and climate neutral economy by 2050 (EC Communication COM (2018)773).

The Commission's strategic vision was an invitation to all stakeholders to participate in a debate that would result in the submission by the EU and each of its Member States of a long-term low greenhouse gas emission development strategy by early 2020 to the United Nations Framework Convention on Climate Change ("UNFCCC"), as required under the Paris Agreement. The Portuguese Government submitted its long-term strategy to UNFCCC in September 2019.

### *European Green Deal*

On 11 December 2019, the EC presented the European Green Deal, an ambitious package of measures that is meant to enable European citizens and businesses to benefit from a sustainable green transition and to ensure that there is no net emission of greenhouse gases by 2050, economic growth is decoupled from resource use and no person and place are left behind. Measures were accompanied with an initial roadmap of key policies ranging from cutting emissions, to investing in cutting-edge research and innovation, to preserving Europe's natural environment. One third of the EUR 1.8 trillion investments from the Next Generation EU Recovery Plan, and the EU's seven-year budget will finance the European Green Deal which consists of ten transformative policies (as well as 50 initiatives).

### *European Climate Law*

Regulation (EU) 2021/1119 of the European Parliament and of the Council, of 30 June 2021, establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (the "**European Climate Law**") sets out a binding objective of climate neutrality in the EU by 2050 in pursuit of the long-term temperature goal set out in the Paris Agreement, and provides a framework for achieving a global adaptation goal established in such agreement. This regulation also sets out a binding EU target of a net domestic reduction in greenhouse gas emissions by 2030.

The European Climate Law includes measures to keep track of progress and adjust actions, accordingly, based on existing systems such as the governance process for Member States' national energy and climate plans, regular reports by the European Environment Agency, and the latest scientific evidence on climate change and its impacts. Progress will be reviewed every five years, in line with the global stocktake exercise under the Paris Agreement.

### *"Fit for 55" Package*

On 14 July 2021, the EC unveiled its first batch of the "*Fit for 55*" package of revised climate and energy laws aiming to align key EU policies with the new 55 per cent. net-emissions reduction by 2030 policy and putting it on track to hit EU carbon neutrality by 2050. Some pieces of the package are reforms of existing regulation, others are new proposals.

The following legislation has been, or will be, revised by Fit for 55: the Emissions Trading System ("**ETS**"), the Effort Sharing Regulation ("**ESR**"), the Renewable Energy Directive, the Energy Efficiency Directive, the Energy Taxation Directive, the Alternative Fuels Infrastructure Regulation and Regulation (EU) 2023/851 of the European Parliament and of the Council of 19 April 2023, regarding the CO<sub>2</sub> standards for cars and vans. In addition, revisions have been proposed to (i) the regulations on the internal markets for renewable and natural gases and for hydrogen; and (ii) the directives on common rules for the internal markets in renewable and natural gases and in hydrogen. New legislative proposals include: the Carbon Border Adjustment Mechanism ("**CBAM**"), the Social Climate Fund and the Revision of the Energy Performance of Buildings Directive ("**EPBD**").

### *Next Generation EU – Green Recovery Plan*

In May 2020, the EC proposed a new recovery instrument to support Member States in repairing their economies from the damage caused by the COVID-19 crisis, covering a large spectrum of economic activities. This instrument, designated "Next Generation EU", will raise money by temporarily lifting the maximum amount that the EU can request from Member States to cover its financial obligations to 2.0 per cent. of EU gross national income. This will allow the Commission to use its strong credit rating to borrow €750 billion on the financial markets. This additional funding will be repaid over a long period of time through future EU budgets, between 2028 and 2058.

For the energy sector in particular, Next Generation EU does not provide any concrete policies, but is anchored in the European Green Deal, reinforcing its proposals, such as:

- Next Generation EU maintains the allocation of 25 per cent. of the budget to be devoted to climate;
- the Solvency Support Instrument must include decarbonisation targets;
- decarbonisation targets must be contemplated when designing public support to the transport sector;
- the Recovery and Resilience Facility of €672.5 billion could be partially used to support investments in building renovations; and
- the InvestEU programme was upgraded and will include investments in technologies that support the energy transition (excluding, *inter alia*, renewables, storage and clean hydrogen).

To implement Next Generation EU, a political agreement will be required at both the level of the European Council and of the European Parliament.

### *Taxonomy Regulation*

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, known as the "Taxonomy Regulation", is a landmark in the achievement of the SDGs. It is a classification system for sustainable economic activities that will contribute to the European Green Deal by boosting investment in green and sustainable projects. The Regulation sets out six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control; and
- protection and restoration of biodiversity and ecosystems.

An activity shall be considered compliant with the Taxonomy Regulation if it:

- contributes substantially to one or more of the above environmental objectives, or enables other activities to make a substantial contribution to one or more of them;
- does not significantly harm any of the other environmental objectives;
- complies with technical screening criteria set out in subsequent delegated acts; and
- is carried out in compliance with certain safeguards (as referred to in the "*OECD Guidelines for Multinational Enterprises*" and the "*UN Guiding Principles on Business and Human Rights*", including the principles and rights set out in the eight fundamental conventions identified in the "*Declaration of International Labour Organisation on Fundamental Principles and Rights at Work*" and the International Bill of Human Rights).



On 6 July 2022, the European Parliament approved the Commission's Complementary Climate Delegated Act, including nuclear and gas, under certain conditions, as transitional fuels. This was published on the OJEU in 15 July 2022, and came into force on 1 January 2023.

A first delegated act on sustainability activities for climate change adaptation and mitigation objectives (the "**Climate Delegated Act**") was published on 9 December 2021 in the Official Journal. The Climate Delegated Act is applicable from 1 January 2022 and sets out, inter alia, the technical screening criteria for determining the conditions under which an economic activity qualifies as 'contributing substantially' to climate change mitigation or climate change adaptation.

### 3. **Energy Prices and Market Design**

Following the exceptional rise in global energy prices since mid- 2021, exacerbated by the conflict between Russia and Ukraine since February 2022, the EC has published a set of measures aimed at tackling rising energy prices in the short and medium term, in order to protect consumers and businesses and recognising the need to accelerate the energy transition, and guarantee energy security of supply for the EU. These include, but are not limited to, the following:

- in October 2021, the EC adopted a Communication on Energy Prices (the "**Communication**"), to tackle the exceptional rise in global energy prices and help Europe's people and businesses. The Communication included a "toolbox" that the EU and its Member States can use to address the impact of price increases, and further strengthen resilience against future shocks. Short-term national measures included emergency income support to households, state aid for companies, and targeted tax reductions. The EC also announced it will support investments in renewable energy and energy efficiency, examine possible measures on energy storage and purchasing of gas reserves; and assess the current electricity market infrastructure.
- in March 2022, the EC proposed the REPowerEU plan ("**REPowerEU**") to make Europe independent from Russian fossil fuels before 2030, starting with gas. This plan also outlined a series of measures to respond to rising energy prices in Europe and to replenish gas stocks for the winter of 2023. REPowerEU seeks to diversify gas supplies, speed up the roll-out of renewable gases and replace gas in heating and power generation. This reduced EU demand for Russian gas by two thirds by the end of 2022. The measures in the REPowerEU Plan are based on the following five pillars: (i) Saving energy; (ii) Diversifying supplies and supporting international partners; (iii) Accelerating the roll-out of renewables; (iv) Reducing fossil fuel consumption in industry and transport; and (v) Smart Investment. To support REPowerEU, the EC made €225 billion available in loans under the Recovery and Resilience Facility ("**RRF**"). In addition, the EC proposed to increase the RRF financial envelope with €20 billion in grants from the sale of EU ETS allowances currently held in the Market Stability Reserve, to be auctioned in a way that does not disrupt the market.
- in July 2022, the EC proposed a new legislative tool and a European Gas Demand Reduction Plan, to reduce gas use in Europe by 15 per cent. until 31 March 2023 and accelerate work on supply diversification, including the joint purchasing of gas to strengthen the EU's possibility of sourcing alternative gas deliveries. Council Regulation (EU) 2022/1369, related to the coordinated demand-reduction measures for gas and published in the OJEU on 8 August 2022, allows the EC to declare, on a proposal from the Commission, a "Union Alert" on security of supply, imposing a mandatory gas demand reduction on all Member States. The Union Alert can be triggered when there is a substantial risk of a severe gas shortage or an exceptionally high gas demand.
- in October 2022, Council Regulation (EU) 2022/1854 established an emergency intervention to mitigate the effects of high energy prices through exceptional, targeted and time-limited measures. These measures aimed to reduce electricity consumption, to introduce a cap on market revenues that certain producers receive from the generation of electricity and redistribute to final electricity customers in a targeted manner, to enable Member States to apply measures of public intervention in the price setting for the supply of electricity for household customers and SMEs, and to establish rules for a mandatory temporary solidarity contribution from EU companies and permanent establishments with activities in the crude petroleum, natural gas, coal and refinery sectors to contribute to the affordability of energy for households and companies.

- in November 2022, the EC proposed a new temporary emergency regulation to accelerate the deployment of renewable energy sources. Council Regulation (EU) 2022/2577, of 29 December 2022, subsequently established temporary rules of an emergency nature to accelerate the permit-granting process applicable to the production of energy from renewable energy sources, with a particular focus on specific renewable energy technologies or types of projects which are capable of achieving a short-term acceleration in the pace of deployment of renewables in the EU.
- in December 2022, Council Regulation (EU) 2022/2576 established temporary rules for (a) the expedited setting up of a service allowing for demand aggregation and joint gas purchasing by undertakings established in the EU; (b) secondary capacity booking and transparency platforms for LNG facilities and for gas storage facilities; and (c) congestion management in the gas transmission network. This regulation introduced temporary mechanisms to protect citizens and the economy against excessively high prices, by way of a temporary intra-day volatility management mechanism for excessive price movements and an ad hoc LNG benchmark, to be developed by the European Union Agency for the Cooperation of Energy Regulators ("ACER"). It also established temporary measures, for the case of a gas emergency, to distribute gas fairly across borders, to safeguard gas supplies for the most critical customers and to ensure the provision of cross-border solidarity measures. This was followed by Council Regulation (EU) 2022/2578, of 29 December 2022, which established a temporary market correction mechanism for orders placed for trading TTF derivatives and derivatives linked to other virtual trading points, to limit episodes of excessively high gas prices in the EU which do not reflect world market prices.
- in March 2023, the EC proposed to reform the EU's electricity market design to accelerate an increase in renewables and the phase-out of gas, make consumer bills less dependent on volatile fossil fuel prices, better protect consumers from future price spikes and potential market manipulation, and make the EU's energy industry clean and more competitive. It is expected that the proposal will be discussed between the EC, European Parliament and European Council in the third quarter of 2023. The proposed reform foresees revisions to several pieces of EU legislation – notably the Electricity Regulation, the Electricity Directive, and the REMIT Regulation. It introduces measures that incentivise longer term contracts with non-fossil power production and bring more clean flexible solutions into the system to compete with gas, such as demand response and storage. It is expected that this will decrease the impact of fossil fuels on consumer electricity bills, as well as ensure that the lower cost of renewables is reflected in consumer energy prices. In addition, it is anticipated that the proposed reform will boost open and fair competition in the European wholesale energy markets by enhancing market transparency and integrity.

#### 4. **Green Deal Industrial Plan**

On 1 February 2023, the EC presented a Green Deal Industrial Plan which aims to enhance the competitiveness of Europe's net-zero industry and support the fast transition to climate neutrality. The Green Deal Industrial Plan builds on previous initiatives and aims to rely on the strengths of the EU Single Market, complementing ongoing efforts under the European Green Deal and REPowerEU. It is based on four pillars: a predictable and simplified regulatory environment, speeding up access to finance, enhancing skills and open trade for resilient supply chains.

As part of this, the EC proposed:

- *the Net-Zero Industry Act*: aimed at scaling up manufacturing of clean technologies in the EU and ensuring the EU is well-equipped for the clean-energy transition. The EC hopes this will create better conditions to set up net-zero projects in Europe and attract investments and help it achieve its aim of 40 per cent. of clean technology to be made in the EU by 2030.
- *the European Critical Raw Materials Act*: aimed at improving the functioning of the internal market by establishing a framework to ensure the EU's access to a secure and sustainable supply of critical raw material.
- *the European Hydrogen Bank*: aimed at accelerating investment and bridging the investment gap for the EU to reach REPowerEU targets of producing domestically 10 million tonnes of renewable hydrogen by 2030, coupled with 10 million tonnes of imports. The EU plans to achieve this through an auction system for renewable hydrogen production through a fixed price payment per kilogram of hydrogen produced for a maximum of 10 years of operation. The first pilot auctions are currently

being designed and they are due to be launched in autumn 2023, backed by €800 million from the EU's Innovation Fund.

## **IBERIAN PENINSULA**

### **MIBEL overview**

Since 1 July 2007, the electricity wholesale market in the Iberian Peninsula has been operated as a single, integrated electricity market for Portugal and Spain within the wider context of the European single electricity market, which is provided for in EU directives.

MIBEL operates with an electricity spot market, which includes day-ahead and intraday markets that are managed by the Spanish market operator – Operador del Mercado Ibérico de Energía, Polo Español, S.A., ("OMIE") – and an electricity forward market that is managed by the Portuguese market operator – Operador do Mercado Ibérico de Energia – Pólo Português, S.A. ("OMIP").

Because the electricity spot market is a single and integrated market, prices are the same for Portugal and Spain, except for a residual number of hours during which there are congestions in the interconnection capacity and therefore a market split occurs.

### **Iberian cap mechanism**

The EC has approved, on 8 June 2022, under EU State aid rules, a €8.4 billion Spanish and Portuguese measure (€6.3 billion for Spain and €2.1 billion for Portugal) aimed at reducing wholesale electricity prices in the MIBEL by lowering the input costs of fossil fuel-fired power plants. The aim is to reduce their production costs and, ultimately, prices in the wholesale electricity market, to the benefit of Iberian consumers.

In Portugal, this cap mechanism was approved by Decree-Law no. 33/2022, of 14 May, amended by Decree-Law no. 21-B/2023, of 30 March, which establishes an exceptional mechanism to adjust electricity production costs by setting a reference price for the natural gas consumed in the production of electricity traded on the MIBEL.

The electricity generated by thermoelectric power plants and by cogeneration power plants with physical PPAs are excluded from the scope of Decree-Law no. 33/2022. As such, the offers made by such generators do not internalise the adjustment calculated pursuant such Decree-Law. The daily adjustment is determined by the Nominated Electricity Market Operator ("NEMO") and its calculation corresponds to the differential between the gas market price index and the natural gas reference price. From April 2023 and until December 2023, the natural gas reference price shall incorporate a monthly nominal increases, under the terms of the table in the annex of Decree-Law no. 21-B/2023, of 30 March, up to the amount of €65/MWh. The NEMO also calculates the global adjustment to be passed on exclusively to electricity consumers within the electricity wholesale market (i.e., in practice, large consumers of electricity). The cost of liquidation of the market adjustment value shall not, however, impact the following types of consumption:

- pumping in hydroelectric plants;
- ancillary services of other power plants;
- storage systems, such as batteries;
- electricity supply agreements executed before 26 April 2022 and establishing fixed prices, except if these are renewed or if the contractual conditions concerning the electricity price are amended; and
- hedging instruments entered into after 26 April 2022 and before 7 March 2023 and referred to the period between May and December 2023.

The provisions on the repercussions of the cost adjustment, as well as other provisions set forth in the Decree-Law, were regulated by the national regulatory authority, *Entidade Reguladora dos Serviços Energéticos* ("ERSE").

ERSE has published several directives to implement the Iberian cap mechanism, namely Directive no. 11/2022, of 14 May, which approves the procedures and templates for compliance with the reporting obligations established by Decree-Law no. 33/2022, and issued, on 12 August 2022, Instruction no. 6/2022

establishing the mechanism, applicable to electricity suppliers, to reflect the adjustment cost on invoices to be issued to exempt consumptions.

Dispatch no. 9799-B/2022, of 8 August, implemented by ERSE's Directive no. 18/2022, of 28 September, determined that electricity suppliers may choose to include in their invoices the information concerning the net benefit resulting from the application of the Iberian cap mechanism, as provided in Decree-Law no. 33/2022, making such inclusion mandatory whenever the adjustment cost is identified on the respective invoice.

This mechanism, initially in place until 31 May 2023, was extended until 31 December 2023, by Decree-Law no. 21-B/2023, of 30 May.

### **MIBGAS overview**

During the last decade, the Portuguese and Spanish governments made their best efforts to establish a stable framework that would enable gas system operators in both countries to develop their functions in the Iberian Peninsula, the Iberian Natural Gas Market ("**MIBGAS**").

The construction of this framework started with the creation of the market operator MIBGAS, S.A., which started negotiations on natural gas products on 16 December 2015. MIBGAS, S.A. started trading Portuguese products in 2017.

MIBGAS' liquidity is below the liquidity levels of the main European gas hubs. Therefore, measures were taken to increase market liquidity.

## PORTUGAL

### Electricity Sector: Regulatory framework

#### 1. Overview

Since 2000, the regulation of the electricity industry in Portugal has been subject to significant changes, due in particular to the unbundling requirements and the need to open the electricity sector to private initiatives and liberalise the activities of electricity generation and supply.

The organisation and functioning of the National Electricity System (the "**National Electricity System**") is currently governed by Decree-Law no. 15/2022, of 14 January, which transposed Directive (EU) 2019/944, of the European Parliament and of the Council, of 5 June 2019, on common rules for the internal market for electricity, and partially transposed Directive (EU) 2018/2001, Renewable Energy Directive ("**RED II**"), of the European Parliament and of the Council, of 11 December 2018, on the promotion of the use of energy from renewable sources.

The transposition of RED II was completed with the enactment of Decree-Law no. 84/2022, 9 December. The diploma establishes rules for the issuing and transfer of guarantees of origin, establishes sustainability criteria to electricity, heating and cooling energy production facilities using biomass fuels and sets new renewable energy targets for 2030: 49 per cent. of renewable energy in the total energy gross consumption and 29 per cent. of renewable energy in the final energy consumption in the transport sector. Ministerial Order no. 110-A/2023, 24 April, was approved pursuant to article 4 of Decree-Law no. 84/2022 and establishes the rules to calculate the share of renewable energy utilisation, regulating, among others, the normalisation formula for accounting electricity generated from hydropower, onshore and offshore wind energy, and heat pumps and the impact of biomass fuels on GGE.

The National Electricity System includes the following activities: generation, storage, transmission, distribution, supply, supply of last resort, aggregation, aggregation of last resort, technical management of the system, technical management of the distribution system, risks and guarantees management, issuance of guarantees of origin and logistic operations for switching between suppliers.

EDP, through its subsidiaries, carries out the activities of electricity generation and supply (non-regulated activities), as well as distribution and supply of last resort (both regulated activities).

Decree-Law no. 138/2014, of 15 September, introduced a legal framework to safeguard strategic assets essential to national defence and security and to guarantee the supply of services fundamental to the public interest related to the energy, transport and communications sectors. Under the new legal framework, a change in EDP's control structure involving direct or indirect control by a person or persons from a country that is not a member of the EU or the EEA may be denied by the Portuguese government under certain circumstances if there are real and serious reasons to believe that national defence and security or the safety of energy supply are at risk.

#### 2. The National Strategy for the Electricity Sector

Resolution of the Council of Ministers no. 107/2019, of 1 July, approved the Roadmap to Carbon Neutrality ("**RCN 2050**"), which establishes all the decarbonisation vectors and action lines for a carbon neutral society in 2050, which translates into a neutral balance between greenhouse gas emissions and carbon capture through land and forests use.

RCN 2050 also established the reduction of greenhouse gas emissions to Portugal between 85 per cent. and 90 per cent. by 2050 compared to 2005 and offsetting the remaining emissions through land use and forests, to be achieved through an emission reduction path between 45 per cent. and 55 per cent. by 2030, and between 65 per cent. and 75 per cent. by 2040, compared to 2005. The targets foreseen in RNC 2050 are under revision by the Portuguese Government.

The legal framework applicable to the trading greenhouse gas emission allowances was approved by Decree-Law no. 12/2020, of 6 April, which transposes Directive (EU) 2018/410 of the European Parliament and of the Council, of 14 March 2018, amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814. According to such decree-law, the activity of electricity generation cannot benefit from free emissions allowances. In addition, a 30 per cent. reduction of the number of free allowances is expected between 2021 and 2026. After 2026, with the

exception of urban heating, such amount will continue to be reduced in equal percentages, with the goal of eliminating the attribution of free allowances until 2030.

Decree-Law no. 12/2020 also determines that 60 per cent. of the revenues provided by the auctions of greenhouse gas emissions allowances shall be transferred to the National Electricity System in order to offset the special regime generation overcost each year, up to a limit of 100 per cent. of that overcost (which also includes the renewable portion of generation through renewable cogeneration plants). These revenues are deducted to the Global Use of the System Tariff ("**UGS Tariff**") in order to relieve consumers and electricity bills.

Decree-Law no. 114/2021, of 15 December, amended Decree-Law no. 12/2020, in order to aggregate a set of other funds within the governmental area of environment and climate action, namely, the Permanent Forest Fund, the Innovation Support Fund, the Energy Efficiency Fund, and the Fund for Systemic Sustainability of the Energy Sector. As a result of this amendment, the Environmental Fund's scope of action has been broadened, particularly in the areas of energy and forests, animal welfare, sustainable bioeconomy, fair transition, among others. The Environmental Fund budget for 2023 was set by the Dispatch no. 3355-A/2023, of 14 March, with €1.2 billion to support the different areas of its intervention, which will contribute to the achievement of national energy and climate commitments.

Regulation (EU) 2018/1999, on the governance of the Energy Union, calls for each Member State to prepare a National Energy and Climate Plan ("**PNEC 2030**") for the period 2021-2030, covering all the five dimensions of the Energy Union and taking into account the long-term perspective.

The Portuguese PNEC 2030 was approved by Resolution of the Council of Ministers no. 53/2020, of 10 July 2020, setting a 47 per cent. target for incorporation of renewable energy in gross consumption, a 80 per cent. target for renewable electricity generation and a reduction of 35 per cent. in consumption of primary energy and 40 per cent. in GHG emissions in the transport sector and of GHG emissions from 45 per cent. to 55 per cent., compared to 2005, focusing on the decarbonisation of the energy sector, taking into view carbon neutrality in 2050. In order to achieve these goals, the amount of installed capacity that is currently in place will need to be doubled. In particular, one of the goals of PNEC 2030 is to install 9 GW of solar photovoltaic energy by 2030, with 7 GW corresponding to centralised power plants and 2 GW to decentralised power plants. This would require Portugal to quadruple the current installed capacity of decentralised generation (which is around 0.5 GW).

By 30 June 2023, EU countries were expected to submit their updated draft PNEC 2030s to the European Commission, in line with Article 14 of the Governance Regulation. Portugal has submitted its updated draft, reflecting the intention of the country to accelerate the energy transition, mainly through ambitious RES capacity targets.

The National Strategy for Hydrogen was approved by Resolution of the Council of Ministers no. 63/2020, of 14 August, establishing the following green hydrogen goals to be met by 2030:

- 10 per cent. to 15 per cent. of green hydrogen injection into natural gas grids;
- 2 per cent. to 5 per cent. of green hydrogen in industry energy consumption;
- 1 per cent. to 5 per cent. of green hydrogen in road transportation energy consumption;
- 3 per cent. to 5 per cent. of green hydrogen in domestic maritime transportation energy consumption; and
- 1.5 per cent. to 2 per cent. of green hydrogen in final energy consumption.

This resolution also sets a goal of 2 GW to 2.5 GW of installed capacity in electrolyzers and the creation of 50 to 100 hydrogen charging stations by 2030. In line with its updated draft PNEC 2030, the National Strategy for Hydrogen is also under revision of the Portuguese Government.

Resolution of the Council of Ministers no. 98/2020, of 13 November, approved the Strategy Portugal 2030 (Estratégia Portugal 2030), a long-term, structural plan that seeks a broad political consensus aiming to set forth the foundations for social economic development for the next decade.

The national goals concerning energy efficiency are further developed in Decree-Law no. 68-A/2015, of 30 April, as amended by Decree-Law no. 101-D/2020, of 7 December, which determines that between 1 January 2021 and 31 December 2030, new energy savings of 0.8 per cent. per year in final energy consumption must be reached. Decree-Law no. 71/2022, of 14 October, completes the transposition of the Energy Efficiency Directive, Directive (EU) 2018/2002, amending provisions on energy efficiency and cogeneration production.

Law no. 98/2021, of 31 December, approved Portugal's Climate Law and sets the objectives for the country's climate policy, namely:

- promoting a rapid and socially balanced transition towards a sustainable economy and society that are neutral in greenhouse gases;
- guaranteeing climate justice, ensuring the protection of communities most vulnerable to the climate crisis, respect for human rights, equality and collective rights over the commons;
- ensuring a sustainable and irreversible trajectory of greenhouse gas emissions reduction;
- promoting the use of energy from renewable sources and their integration into the national energy system;
- promoting circular economy, improving energy and resource efficiency;
- strengthening national resilience and the capacity to adapt to climate change;
- combating energy poverty, namely through the improvement of living conditions; liveability and citizens' fair access to energy use;
- stimulating sustainable financing and promote information on climate risks by economic and financial agents;
- establishing a rigorous and ambitious basis for the definition and fulfilment of climate objectives, targets and policies; and
- ensuring that all major legislative measures and public investments are strategically evaluated in relation to their contribution to fulfilling the stated assumptions, integrating the risks associated with climate change in national and sectoral planning and economic investment decisions.

Within this scope, the Portuguese State undertakes to achieve climate neutrality by 2050 but the Portuguese government plans to closely monitor this target to achieve climate neutrality earlier than planned, by 2045. In addition, the following greenhouse gas reduction targets have adopted (not including the use of soil and forests): by 2030, a reduction of at least 55 per cent. compared to 2005 levels; by 2040, a reduction of at least 65 per cent. to 75 per cent. compared to 2005 levels; by 2050, a reduction of at least 90 per cent. compared to 2005 levels.

### **3. The Electricity Value Chain**

#### **A. Electricity Generation**

Electricity generation is an activity within the National Electricity System fully open to competition. In most cases, it is subject to an ex-ante licensing procedure, which can be demanding depending on the specifics of each power plant (or storage system).

In 2022, Portugal faced a severe and prolonged drought. The Resolution of the Council of Ministers no. 82/2022, of 27 September, defined preventive measures to guarantee energy supply security, including the establishment of a strategic water reserve, the reinforcement of LNG storage capacity, and the 2022-2023 Energy Saving Plan.

The strategic water reserve in the reservoirs associated with hydropower plants aims to ensure that the reservoirs storage increases by at least approximately 760 GWh compared to the values at the reference date, achieving a strategic water reserve equivalent to about six days of average national consumption and



ensuring the security of supply for the National Electricity System for approximately 45 days. EDP operates hydropower plants in 13 of the 15 identified reservoirs.

### ***Licensing Procedures***

According to Decree-Law no. 15/2022, of 14 January, electricity generation is subject either:

- to the attainment of a generation licence and an operation licence (for instance, generation of renewable electricity to be injected into the grid or for self-consumption when the power plant has an installed capacity higher than 1 MW, or when the project is subject an environmental impact assessment procedure or an environmental incidences assessment procedure);
- to the acceptance of a prior registration and the attainment of an operation certificate (for instance, generation of renewable electricity to be injected into the grid when the power plant has an installed capacity equal or lower than 1 MW or generation of electricity for self-consumption when the power plant has an installed capacity higher than 30 kW and equal or lower than 1 MW); or
- to the submission of a prior communication (for instance, generation of electricity for self-consumption when the power plant has an installed capacity higher than 700 W and equal or lower than 30 kW or the repowering of a solar or wind power plant, when it maintains or reduces the initial installed power).

In some cases (for instance, generation of electricity for self-consumption when the power plant has an installed capacity equal or lower than 700 W, provided no surplus electricity is to be injected into the grid), no licensing procedure is required for the development of electricity generation.

The attainment of a generation licence depends on the prior reservation of grid capacity, by means of: (i) a permit issued by the relevant system operator; (ii) an agreement entered into by and between the applicant and the relevant system operator, whereby the former undertakes to pay the costs with the grid's construction or reinforcement; or (iii) a permit issued by the relevant system operator under the terms established by the corresponding competitive procedure.

Reservation of grid capacity depends on the provision of a bond by the applicant. The amount varies according to the procedure and the reservation title that has been obtained.

After obtaining the grid capacity reservation title, the applicant shall initiate the procedure to obtain the corresponding generation licence.

The commencement of operation depends on the attainment of an operation licence or an operation certificate, as applicable.

Since 2019, when grid capacity reservation became legally required to obtain a generation licence a number of public tenders were carried out. Dispatch no. 5532-B/2019, of 6 June, launched the auction for 1.400 MW of photovoltaic energy and approved the auction's documentation. The auction was managed by OMIP. The platform compared all bids (for a fixed tariff of merchant) on a net-present-value basis, with differentiation of discount rates between the two remuneration types, which will be in place for a period of 15 years. The maximum price allowed was €45/MWh. Even though EDP (through EDP Renováveis) was not initially awarded grid capacity, as it was the only bidder for a solar project at Ribatejo, a revised proposal was submitted and DGEG accepted such proposal (installed capacity of 142 MW with a tariff of €20.89/MWh, which is the weighted average price resulting from the auction).

Dispatch no. 5921/2020, of 29 May, launched the second solar auction in Portugal. The 700 MW of the auction were divided into 12 tendered allotments of various capacities ranging between 10 MW and 109 MW, with or without storage systems. The remuneration schemes approved in the context of the auction shall apply to the awarded capacity for a period of 15 years. In this auction, 670 MW of capacity were awarded to 12 bidders. EDP (through EDP Renováveis) has not been awarded any tendered allotments.

Dispatch no. 11740-B/2021, of 26 November, launched the auction to award grid capacity to floating solar projects to be located in specific dams, as well as the title to use hydric resources. DGEG disclosed the list of the four bidders that were granted a total of 183 megavolt-amperes ("MVA") of grid capacity for seven

projects. EDP (through EDP Renováveis) participated in the auction and was awarded 70 MVA in the Alqueva dam.

Dispatch no. 9241-C/2021, of 17 September, launched the auction to award grid injection capacity, formally used by the Pego coal-fired power plant, to new renewable projects (up to 325 MVA for only solar projects or 485MVA for other renewable sources). EDP (through EDP Renováveis) has not been awarded the tendered capacity.

The deadlines to obtain production and/or operation licenses, as predicted in Decree-Law no. 15/2022, were extended multiple times due to extraordinary circumstances that impacted the licensing of these projects. The extension period varies, depending on whether the license is for projects subject to environmental impact assessment or environmental incidence analysis, or not.

The Portuguese government has enacted Decree-Law no. 30-A/2022, of 19 April, which foresees several temporary measures aimed at simplifying the procedures for producing energy from renewable sources, namely with respect to environmental procedures. These measures, which are intended to accelerate the licensing procedures, will be effect in for two years and shall apply to:

- renewable generation, storage facilities, self-consumption plants and the respective grid connection lines;
- hydrogen facilities; and
- power transmission and distribution infrastructures.

Decree-Law no. 72/2022, of 19 October, amends Decree-Law no. 30-A/2022 adopting exceptional measures to ensure the simplification of procedures for the production of energy from renewable sources, namely prior control of urban operations for the installation operations of renewable energy power plants and hydrogen production by water electrolysis. The Regulation for the Compensation Allocation to Municipalities was published by Dispatch no. 6195/2023, of 5 June, in line with the Article 4-B of Decree-Law no. 30-A/2022, of 19 April, which was subsequently amended by Decree-Law no. 72/2022, of 19 October. This Dispatch was enacted to provide compensation to municipalities, using the Environmental Fund, with a single amount up to €13,500 per MVA of connected power, assigned to the installation of renewable energy electro-producers and storage facilities

The Environmental Simplex established in Decree-Law no. 11/2023, of 10 February, approves measures to reduce companies' burdens in respect of licensing and administrative procedures, with a special focus on environmental procedures. The aim of this diploma is the removal of unnecessary permits, authorisations, administrative acts and the dematerialisation of procedures that represent a significant reduction in context costs for companies and gains in terms of speed in procedures.

For renewable hydrogen production, DGEG published the Dispatch no. 30/2023, of 13 July, with an interpretative guidance note for the licencing process of this industrial activity.

The operation of cogeneration power plants is subject to a specific legal framework, which has been amended significantly over time. Therefore, the terms of the applicable remuneration schemes depend on the time when the licensing procedure was carried out.

For cogeneration power plants operating at the time of its entry into force, Decree-Law no. 23/2010, of 25 March, as amended by Law no. 19/2010, of 23 August, established a transitory regime, allowing for generators with an operation licence to choose between the previous remuneration scheme (for a maximum

period of 15 years from the beginning of the operation licence or, if earlier, 10 years after the entry into force of Decree-Law no. 23/2010) and the remuneration scheme approved by said decree-law.

Ministerial Order 140/2012 (as amended) establishes how to calculate the following: reference tariff; efficiency premium; renewable energy premium; and market participation premium. These are relevant to determine the remuneration of cogeneration power plants.

The amendments introduced by Decree-Law no. 68-A/2015, of 30 April, set out a more expeditious regime for obtaining a licence for generation of electricity through cogeneration, a new way of calculating the reference tariff payable to cogenerators, as well as new rules on the transitory remuneration scheme.

The remuneration mechanism is currently based on two methods subject to the choice of the cogeneration generator: a general regime where the compensation is either defined by market value or, if the injection capacity is less than or equal to 20 MW and the energy is self-consumed, a feed-in tariff based on market value and paid by the last resort supplier; and a special regime that is only available for generators with an injection capacity lower than or equal to 20 MW, defined by a temporary reference tariff plus an efficiency premium and a renewable premium, if applicable. The values of the reference tariffs are defined quarterly by DGEG. Decree-Law no. 119-A/2021, of 22 December, established an exceptional regime applicable to the cogeneration activity, which contains exceptional rules on access to and exercise of such activity.

Ministerial Order no. 248/2022, of 29 September, amended Ministerial Order no. 96/2004, of 23 January. Pursuant to such amendment, lands that are acquired or leased from the transmission system operator and that are associated with hydroelectric or thermoelectric power plants may not be used for any purposes other than the generation of energy, using any of the technologies provided that contribute exclusively to decarbonisation and energy transition, unless duly authorised by the member of the Portuguese government responsible for energy affairs.

## **Remuneration schemes and measures that impact electricity generation's revenues**

### *Feed-in tariffs*

Decree-Law no. 189/88, of 27 May set out a specific formula for calculating the feed-in tariffs to be paid to generators for the electricity generated by power plants using renewable energy (excluding large hydro power plants) that initiated their licensing procedure prior to the entering into force of Decree-Law no. 215-B/2012, of 8 October.

According to Decree-Law no. 15/2022, of 14 January, power plants that benefit from guaranteed remuneration schemes or other subsidised remuneration support schemes, attributed, maintained or extended by previous legislation, shall maintain such regimes until the end of period for which those were established.

Pursuant to Ministerial Order no. 69/2017, of 16 February, the last resort supplier is under the obligation to deduct the amounts received by generators that benefited from guaranteed remuneration along with other public incentives destined to promote and develop renewable energy. However, the implementation of such measure depends on the approval of a dispatch by DGEG, which has not happened.

### Alternative remuneration schemes applicable to wind energy and small hydro power plants

Decree-Law no. 35/2013, of 28 February established alternative remuneration schemes for wind farms licensed before 2012 and benefitting from a feed-in tariff under the terms of Decree-Law no. 189/88, of 27 May, as amended.

As such, under this alternative regime, wind farms licensed before the entry into force of Decree-Law no. 33-A/2005, of 16 February, are remunerated in accordance with the formula defined in Schedule II of Decree-Law no. 189/88, of 27 May, as amended by Decree-Law no. 339-C/2001, of 29 December. Wind farms licensed before the entry into force of Decree-Law no. 215-B/2012, of 8 October (i.e. 7 November 2012) are remunerated as follows:

- wind farms that were already in operation as of 17 February 2005, sell their electricity at a set tariff, that decreases with the cumulative number of operating hours, for a period of 15 years starting from the entry into force of Decree-Law no. 33-A/2005, of 16 February;

- wind farms for which the licensing procedures fall under the transitory regime approved by article 4 of Decree-Law no. 33-A/2005, of 16 February sell their electricity at a set price, dependent on their generation profile, for a period of 15 years starting from the date on which the operation licence was granted; and
- wind farms for which the licensing procedures began after 17 February 2005 and which do not fall under the transitory regime approved by Decree-Law no. 33-A/2005, of 16 February sell up to 33 GWh per MW of installed capacity at a price based on a formula set out in such decree-law for a maximum period of 15 years starting from the date on which the operation licence is granted. After this 15-year period has elapsed or, if earlier, when the 33 GWh per MW of installed capacity limit is reached, the electricity produced is sold at the prevailing market price, in addition of the price received for the sale of green certificates, if applicable.

Furthermore, the publication of Decree-Law no. 35/2013, of 28 February, establishes an alternative remuneration regime, which allows generators to reduce their exposure to market risk, once the period of the initial remuneration regime has expired, by paying an annual compensation to the National Electricity System.

EDP Renováveis chose to pay €5,800 per MW of installed capacity between 2013 and 2020, to benefit from the alternative remuneration regime, which consists of selling all electricity generated at a set price, corresponding to the average market price of the previous twelve months, subject to a floor of €74/MWh and a cap of €98/MWh, for a period of seven years upon the conclusion of the initial 15-year term.

On 7 August 2020, DGEG published Dispatch no. 41/DGEG/2020, setting out the transition rules applicable to wind farms under the regime of Decree-Law no. 35/2013, of 28 February and which entered into operation in different phases.

On 25 June 2021, Dispatch no. 6304/2021, established the regularisation of the compensations made between 2013 and 2020 and the remunerations due to the wind farms pursuant to Decree-Law no. 35/2013, of 28 February, by approving a new methodology for its calculation. The Portuguese government announced that the impact of this new methodology could benefit the Portuguese consumers between €165 million and €372 million. This dispatch also foresees that ERSE should operationalise this methodology and adjustments.

Decree-Law no. 35/2013, of 28 February, which approved an alternative remuneration scheme for windfarms, as well as a deadline for small hydroelectric power plants to maintain the relevant guaranteed remuneration scheme, was revoked by Decree-Law no. 15/2022, of 14 January. However, power plants that benefit from guaranteed remuneration schemes under previous legal frameworks shall maintain such regimes until the end of period for which those were established.

#### *Overpowering of wind farms*

The legal regime for wind farms overpowering was initially approved by Decree-Law no. 225/2007, of 31 May, which allowed generators to increase wind farms' installed capacity up to 20 per cent. of the allowed injection capacity.

Decree-Law no. 94/2014, of 24 June, approved a new regime for the placement of additional energy and for the overpowering of existing wind farms benefiting from a feed-in tariff (i.e., increasing the installed capacity of existing wind farms by installing additional wind turbines up to 20 per cent. of the respective connection power), which was further regulated by Ministerial Order no. 102/2015, of 7 April.

According to such legal framework, the energy generated by wind turbines pertaining to the overpowering of existing wind farms are remunerated at a fixed feed-in tariff of €60/MWh, which is applicable until the end of the feed-in tariff period of the existing wind farms. Ministerial Order no. 246/2018, of 3 September (which amended Ministerial Order no. 102/2015, of 7 April), determined that the licensing entity should always obtain a prior favourable opinion from ERSE. This Ministerial Order further determined that such favourable opinion should be refused in case the overpowering is considered detrimental to the public interest and to the consumers' interests. On 31 January 2019, the impact of this requirement was reduced by Ministerial Order no. 43/2019, which determined that the opinion of ERSE would not be required if the

applicant explicitly accepted that the feed-in tariff applicable to the energy generated in connection with the wind farm overpowering would be €45/MWh (instead of the referred €60/MWh).

However, pursuant to the enactment of Ministerial Order no. 203/2020, of 21 August, which further amended Ministerial Order no. 102/2015, of 7 April, ERSE's opinion may only be dismissed if the applicant accepts that the energy generated in connection with the overpowering will be remunerated under the general remuneration scheme, i.e., under market conditions.

Pursuant to the enactment of Decree-Law no. 15/2022, which revoked Decree-Law no. 94/2014, of 24 June, the energy generated as a consequence of an overpowering is traded under a market regime.

#### *Capacity mechanisms*

A capacity mechanism remunerates capacity resources for security of supply services.

Ministerial Order no. 41/2017, of 27 January, replaced the former capacity mechanism, based on a targeted capacity payment scheme, with a market mechanism that remunerates the availability services through a competitive auction, as of 1 January 2017. The power plants that benefit from the CMEC mechanism have been excluded from taking part in the auction. The auction for 2017 was carried out on 30 March and the total bid size (1.766 MW) was awarded to three entities, including the last resort supplier, at a settlement price of €4.775 per MW. In compliance with the 2018 state budget law (Law no. 114/2017, of 29 December), Ministerial Order no. 93/2018, of 3 April, postponed the auction for 2018 and beyond, awaiting a decision by the EC, that raised concerns about the compatibility of this mechanism with the guidelines on state aid for environmental protection and energy.

Alongside, hydro power plants that are not under a PPA or under the CMEC mechanism, with the exception of power reinforcements without pumping, may benefit from an investment incentive under Ministerial Order no. 251/2012, of 20 August, provided that its generation licences were granted between the dates of entry into force of Decree-Law no. 264/2007, of 24 July, and of Ministerial Order no. 251/2012, of 20 August, or that such power plants are included in the Portuguese National Programme of Dams with a Significant Hydroelectric Potential and the relevant generation licence was obtained before 31 December 2013. If granted, the investment incentive shall take effect for a period of ten years, starting from the month following the request for eligibility, in an amount calculated based on the current criteria for national supply coverage set out in Ministerial Order no. 251/2012 and related regulations. The annual reference values of the investment incentive correspond to the amounts set out in the annex to Ministerial Order no. 251/2012, of 20 August.

The investment incentive mechanism (applied only to hydro power plants) was revoked by Ministerial Order no. 233/2020, of 2 October. Additionally, incentives due in 2020 and the following years shall only be paid if contractually established, in which case Ministerial Order no. 251/2012 shall still apply.

The practical effect of this change will be to maintain the investment incentive in three hydro power plants belonging to another agent, which began operating in 2023, based on the concession agreement signed between that agent and the Portuguese state.

According to Decree-Law no. 15/2022, of 14 January, the rules and procedures for capacity mechanisms will be approved through regulation of the government (although without a specific deadline).

#### *Early termination of power purchase agreements*

Prior to 1 July 2007, electricity generated by EDP Produção's power plants and other power plants was sold under PPAs to the transmission system operator (acting as a single buyer), allowing these power plants to achieve a return on assets of 8.5 per cent. in real pre-tax terms. The price of electricity provided for in each PPA consisted of capacity and energy charges, which were passed through to the final tariff paid by customers.

The early termination of the PPAs was determined by legislation approved by the Portuguese government between 2004 and 2007, as a way to transition to a liberalised electricity system. This transition resulted in

the approval of the costs for the CMEC, which are a compensation to generators that were a party in those PPAs.

The amount of the initial global gross compensation due to EDP Produção as a result of the early termination of the PPAs was set at €833.5 million, to be recovered over a 20-year period, starting from July 2007. The amount of compensation is capped at a maximum set for each generator and was subject to an annual adjustment during the first ten years of the CMEC, along with a final adjustment at the end of that first ten-year period. The purpose of these adjustments is to ensure parity between the revenues expected in a market regime based on the assumptions underlying the initial compensation value and the revenues effectively obtained in the market, thereby protecting generators from market risk during the first ten-year period.

The initial global gross compensation due to EDP Produção is reflected in the electricity tariffs paid by all consumers in Portugal as a separate component of the UGS Tariff, designated as "*Parcela Fixa*" (fixed charge), and recovered by EDP Produção or its assignees. Ministerial Order no. 85-A/2013, of 27 February, set at 4.72 per cent. the interest rate applicable to the "*Parcela Fixa*" between 1 January 2013 and 31 December 2027.

The adjustments to the initial global gross compensation are also reflected in electricity tariffs, and if those adjustments are to EDP Produção's benefit, they shall be due from all consumers in Portugal as a separate component of the UGS Tariff, designated as "*Parcela de Acerto*" (variable charge). Dispatch no. 4694/2014, of 21 February, published on 1 April, and Dispatch no. 10840/2016, of 26 August and published on 5 September, set out the guidelines of the procedures to be followed in the calculation of the annual adjustment regarding the participation of the CMEC power plants in the ancillary services market.

The final adjustment is meant to be recovered over a ten-year period, starting in 2018, with reference to July 2017. In this regard, the 2017 state budget law (Law no. 42/2016, of 28 December) mandated the national regulatory authority ERSE to carry out a study to determine the amount of the final adjustment of the CMEC mechanism. ERSE submitted its study to the Portuguese government in September 2017, having presented an amount of €154 million, which differs from the sum calculated by the EDP/REN Technical Working Group, which amounted to €256 million. The EDP/REN Technical Working Group calculations result from the strict application of the relevant legal framework, particularly Decree-Law no. 240/2004, of 27 December, while ERSE's computations are a mere theoretical simulation which jeopardises the economic neutrality in which the early termination of the PPAs was based upon.

EDP was notified on 3 May 2018 of the Portuguese government's decision, dated 25 April 2018, homologating the amount of the final adjustment of the CMEC mechanism as proposed by ERSE in its study, to the amount of €154 million. EDP filed a lawsuit on 3 September 2018 with the administrative courts of Lisbon (*Tribunal Administrativo do Circulo de Lisboa*) to challenge the amount of the final adjustment of the CMEC mechanism homologated by the Portuguese government.

On 26 September 2018, EDP informed the market that it was notified by the DGEG of the Secretary of State for Energy's decision, issued on 29 August 2018, regarding alleged overcompensation payments made to EDP in relation to the calculation of the real availability factor of power plants under the CMEC regime due to "innovative" factor having been applied when compared to what was foreseen in the PPA early termination agreements. The Secretary of State for Energy stated such alleged overcompensation payments amounted to €285 million and that a further €72.9 million overcompensation claim for power plants operating on the ancillary services market was under analysis. EDP considers the decision to be without merit.

On 12 November 2018, EDP was notified by ERSE that on 4 October 2018, the Secretary of State for Energy declared the calculation of the annual adjustments to the initial global gross compensation for the early termination of the PPAs null and void concerning only the part where the abovementioned "innovative" factor had been weighed.

EDP considers the dispatches from the Secretary of State for Energy lack technical, economic and legal basis and, on 8 October 2018, submitted an administrative appeal. Concurrently, EDP filed a suit with the administrative courts on 4 February 2019 and is currently waiting for a court decision.

Additionally, the Competition Authority conducted an investigation on the operation of EDP Produção's power plants that benefited from the CMEC mechanism, which ultimately led to the imposition of a fine in

the amount of €48 million, for abuse of dominance in the Portuguese market for secondary balancing reserve. EDP refutes the Autoridade da Concorrência's ("AdC") assertions and on 30 October 2019 filed an appeal regarding the latter's decision with the Portuguese Court for Competition, Regulation and Supervision. EDP Produção also disputed the upfront payment of the fine and asked the court to allow for its non-payment or replace the fine by a bank guarantee whilst a final decision by the Court is not issued. EDP argued that the €48 million fine (paid prior to the court ruling) would cause considerable harm.

On 16 July 2020, EDP Produção was notified of a court order acknowledging the risk of considerable harm and staying the payment of the fine until the court's final ruling on the matter.

On 18 November 2020, EDP Produção was notified of a decision by the Lisbon Court of Appeal in an appeal presented by the Public Prosecutor, revoking the order of TCRS of 16 July 2020. EDP Produção appealed this judgment to the Constitutional Court on 30 November 2020. On 22 February 2021, EDP Produção was notified of the decision of the Constitutional Court dismissing the appeal. The case was returned to the TCRS, which, on 16 September 2021, issued an order that demanded the payment of the fine. On 20 October 2021 EDP Produção paid the amount under appeal. The trial hearing, which began in October 2021, continued with several inquiries until the end of March 2022. The TCRS decided, on 10 August 2022, to maintain the €48 million fine. EDP considers that EDP Produção did not abuse any dominant position, having acted strictly in accordance with the legal framework.

On 29 September 2021, EDP Produção was cited in a class action filed by Associação IUS Omnibus based on an alleged abuse of a dominant position in the secondary regulation band market between the beginning of 2009 and the end of 2013, requesting, in representation of consumers, a compensation in the amount of €94.8 million, as estimated by AdC in the scope of process PRC/2016/05. EDP Produção has already presented its defence within the legal deadline established for that purpose.

Furthermore, the Advisory Board of the Public Prosecutor's office issued an opinion on 22 October 2020, upon request of the Secretary of State for Energy affairs, stating that the Portuguese State could charge an additional amount of €72.9 million as a compensation to consumers affected by the CMEC alleged overcompensation. According to the electricity tariffs for 2021, this amount is now to be deducted from the total amount EDP Produção provisionally received regarding the 2015 CMEC annual adjustment. As a result, the Energy Secretary of State for Energy affairs has approved a net amount of €62.7 million as the 2015 provisional CMEC annual adjustment, instead of the €135.6 million initially estimated. EDP will also challenge the decision to charge the amount of €72.9 million in relation to the 2015 CMEC annual adjustment.

In September 2012, several citizens filed a complaint with the Commission against allegedly excessive compensations granted to EDP Produção in connection with the CMEC mechanism, which was cleared under EU state aid rules by the EC, as well as alleged illegal state aid granted by Portugal to EDP Produção through the extension, in 2007, of concessions to use public water resources at allegedly favourable conditions.

In September 2013, the EC opened a formal investigation into such extension. During the formal investigation, the Commission concluded that the compensation paid by EDP for the extension of the concessions did not involve state aid (as per the press release issued on 15 May 2017). As a result, EDP Produção has retained the rights to operate 26 hydro power plants under market conditions (with 4.094 MW of installed capacity), which ends in 2047.

This decision does not address compliance with other provisions of EU law, such as EU public procurement rules and antitrust rules based on Articles 106 and 102 of the Treaty on the Functioning of the EU. In fact, according to the EC's press release of 7 March 2019, the EC considers that the legislation and the practice of Portuguese authorities is contrary to EU law, by allowing for some hydropower concessions to be renewed or extended without the use of tender procedures. For that reason, the EC sent a letter of formal notice to the Portuguese Republic, as well as seven other Member States, on the grounds of an alleged breach of EU rules on public procurement and concessions, to ensure that public contracts in the hydroelectric power sector are awarded and renewed in conformity with EU law. The eight Member States were given two months to respond to the arguments raised by the EC. No further developments are known.

*Hydrological Correction Account*

The hydrological correction account ("HCA") was created pursuant to Decree-Law no. 338/91, of 10 September, to mitigate the impact of years with low hydrological conditions on the electricity generation cost.

Considering the liberalisation of the electricity market and the privatisation of EDP, the Portuguese government ended the HCA at the end of 2016. Following this, the Portuguese government appointed a working group to determine all credit and debit movements in the HCA and its origin, and to ascertain the rights over the value of payments and receipts differentials and financial charges associated with the account. In the working group's final report, delivered in August 2018, it is argued that EDP is not entitled to any amount related to the contributions made to the HCA, although it recognised the company made net payments to the HCA in the amount of EUR 717 million.

As a result, on 10 December 2019, EDP filed a lawsuit against the Portuguese state claiming the reimbursement of the EUR 717 million it had contributed to the HCA.

In addition, on 17 August 2020, EDP filed a lawsuit within the scope of the Public Debt Regularisation Fund against the Portuguese State, the Ministry of Finance and the Portuguese Treasury and Debt Management Agency, in the amount of EUR 546 million. This amount corresponds to the impact of the error EDP believes was committed in the evaluations that preceded the various phases of EDP's reprivatisation, if the conclusions of the working group's report were considered valid. This action is contingent on the result of the action placed in December 2019. If, in the lawsuit placed first, the court decides that EDP is not entitled to any amount related to the contributions made to the HCA, it must be interpreted that the evaluation of the company was incorrect and that investors paid more than they should, in which case the second lawsuit will proceed. If the outcome of the first lawsuit is favourable to EDP, the second lawsuit will not proceed, as the evaluation of the company was correctly carried out.

Both claims are in the judicial proceedings phase, with each party presenting the factual and legal arguments supporting their claims. After the courts review the arguments, the claims are expected to proceed to trial.

#### *Competition Balance Mechanism (Clawback)*

Decree-Law no. 74/2013, of 4 June, as amended by Decree-Law no. 104/2019, of 9 August, provides for the establishment of a mechanism designed to restore the competitive balance in the wholesale electricity market in Portugal, after the pool market price is impacted by off-market events. This mechanism aims to capture the alleged windfall profits reaped by power plants located in Portugal caused by higher pool prices following the introduction of taxes on power plants located in Spain.

This mechanism shall apply to: (i) ordinary regime generators, except to the ones operating power plants that are still trading electricity under a power purchase agreement that has been executed according to Decree-Law no. 183/95, of 27 July; (ii) generators operating hydroelectric power plants with an installed capacity equal or higher than 10 MVA; and (iii) generators that do not benefit from a guaranteed remuneration scheme, except the ones that simultaneously are under the obligation to pay compensation to the National Electricity System in the context of a competitive procedure launched under the terms of Article 5-B of Decree-Law no. 172/2006, of 23 August and have an installed power lower than 5 MW.

Pursuant to the enactment of Decree-Law no. 104/2019, of 9 August, it is now possible to make an upfront payment of an amount to be determined on a yearly basis by means of an order of the member of the government responsible for energy affairs.

Additionally, the prices of tariff terms to be applied to the electricity injected into the grid (defined annually) may be differentiated by technology/regime of electricity generation.

Decree-Law no. 74/2013, of 4 June was regulated by Ministerial Order no. 288/2013, of 20 September, amended by Ministerial Order no. 225/2015, of 30 July, which established procedures to study the impact on pool prices of off-market measures and events registered within the European Union and the redistributive effects impacting electricity tariffs. It also established the partitioning of costs of general economic interest ("CIEG") to be paid by generators in the ordinary regime and other generators that are not included in the guaranteed remuneration regime, and the deduction of these amounts of CIEG to be recovered by the UGS tariff (i.e., the tariff for the global use of the system). Ministerial Order no. 288/2013, of 20 September was revoked by Ministerial Order no. 282/2019, of 30 August, which establishes the procedure for the elaboration of ERSE's study, as well as the mechanism to determine the amount of the



payment per account and the compensation due by generators that had unexpected benefits as a result of off-market events.

As per Information no. 8/2019/SEAENE, of 16 December 2019, of the Cabinet of the Secretary of State for energy affairs, signed off by such Secretary of State on 2 January 2020, the mechanism is intended to apply to generators whose remuneration depends on the results of MIBEL's daily market, regardless of the primary energy used by the power plants. Other than the generators specifically identified in Decree-Law no. 74/2013, of 4 June, as amended, the Secretary of State considers that the ones that do not benefit from guaranteed remuneration and have entered into physical corporate power purchase agreements with a client or a supplier to trade electricity at a fixed price that is not directly or indirectly indexed to MIBEL's daily market price, shall also be exempted from such mechanism.

The interpretation conveyed by such clarification was accepted by ERSE, as Directive no. 4/2020, of 20 March, approves a specific report procedure for generators that are parties to agreements that establish prices that are not directly or indirectly indexed to MIBEL's market price.

Additionally, pursuant to DGEG's clarification of 17 June 2020, the generators that were awarded grid capacity via the 2019 solar auction are considered exempt from any payment related to the clawback mechanism.

On 27 July 2020, DGEG issued a new clarification regarding the scope of Decree-Law no. 74/2013, of 4 June, stating the generators that do not benefit from guaranteed remuneration (mentioned on paragraph c) of article 1-A) of Decree-Law no. 74/2013 and that hold a physical PPA with a fixed price are not subject to the payment of the compensation established by said decree-law. This exemption applies regardless of the generators' counterparty (final customer or supplier). However, if the PPA is executed by a supplier and the supplier trades the relevant energy through MIBEL, it may benefit from windfall profits. In that case, the supplier will be subject to the clawback mechanism and must settle the compensation with the generator, who is responsible for paying the relevant amount to the transmission system operator.

Dispatch no. 12424-A/2019, of 27 December 2019, identifies off-market events to be considered in the study prepared by ERSE in 2020 (with reference to 2019). Therefore, the following off-market events are considered: (i) taxation on oil and energy products used in the generation of electricity ("ISP"); (ii) extraordinary contribution to the energy sector ("CESE"); and (iii) electricity social tariff.

As part of the adoption of urgent measures in the field of energy taxation due to the high prices verified in MIBEL since June 2021, the Spanish government has suspended the 7 per cent. tax on electricity generation, approved in 2012, until the end of 2023.

Following this temporary suspension of the tax on electricity generation in Spain, the suspension of the clawback was also extended in Portugal until 31 December 2023, through the Dispatch no. 5748/2023, of 22 May.

#### *Guarantees of Origin*

The procedures manual for the issuance of guarantees of origin ("GO") was approved by ERSE's Directive no. 5/2023, of 20 April.

The tariffs applicable to the services provided by the issuing body ("EEGO") (currently, the transmission system operator) were approved by Ministerial Order no. 53/2020, of 28 February. According to Decree-Law no. 15/2022, of 14 January, the transmission system operator shall continue to act as EEGO until the attribution of the relevant EEGO licence by a competitive procedure.

On 13 May 2020, DGEG determined that the following generation units must be registered with EEGO's platform until 31 August 2020:

- renewable energy power plants;
- power plants for heating and cooling; and
- efficient and highly efficient cogeneration power plants.

When applicable, the payment of the feed-in tariff to the abovementioned power plants may be suspended until all GO have been delivered to DGEG (in the case of renewable energy power plants benefitting from such feed-in tariff) or the supplier of last resort (in respect of other power plants receiving a guaranteed remuneration or component thereof).

On 19 June 2020, REN concluded the process of joining the Association of Issuing Bodies' ("AIB") platform, which allows Portuguese generators to export GO from 1 August 2020 onwards, the date when the AIB and EEGO systems will be fully connected.

Decree-Law no. 60/2020, of 17 August, amending Decree-Law no. 141/2010, of 31 December, has adapted the GO scheme to also include gases of low carbon emission and renewable gas, as well as energy generated from heating and cooling renewable sources. This decree-law contributes to achieving carbon neutrality by 2050 through the creation of mechanisms that encourage the use of renewable resources, notably through the energy sector.

Decree-Law no. 141/2010 was revoked by Decree-Law no. 84/2022, of 9 December, which established rules for the issuing and transfer of guarantees of origin and extends such regime to highly efficient cogeneration plants.

Dispatch no.6560-B/2021, of 5 July, operationalises GO auctions of renewable energy power plants benefitting from guaranteed remuneration.

#### *CESE*

The 2014 state budget law (Law no. 83-C/2013, of 31 December, as amended by Law no. 33/2015, of 27 April) created CESE, with the stated purpose of funding mechanisms that promote the energy sector systemic sustainability.

CESE corresponds to a tax on the net assets of the energy operators that develop the following activities: (i) generation (including some renewable energy power plants benefitting from a feed-in tariff), transmission or distribution of electricity; (ii) transmission, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transport, distribution and wholesale supply of crude oil and oil products.

The activity of electricity generation through power plants that use renewable resources and have an installed power lower than 20 MW are exempted from CESE. Such exemption will not apply to taxpayers that operate renewable energy power plants benefitting from guaranteed remuneration with a total of 60 MW. Power plants that were licensed in the context of public tenders and small-scale generation and self-consumption units are also exempt from CESE.

Currently, two-thirds of CESE revenues contribute to the reduction of the tariff debt of the National Electricity System and one-third intend to finance social and environmental policies.

For 2023, CESE remains in force in the same conditions that were in place in previous years, as determined by Law no. 24-D/2022, of 30 December.

#### *ISP and CO2 additional tax*

As approved by the 2023 state budget law, the CO2 added tax for natural gas used in electricity generation and in cogeneration facilities is 40 per cent., both for ISP and CO2 (maintaining the non-application to ETS facilities).

In face of the package of measures approved by the Portuguese government to deal with the extraordinary increase in fuel prices, the updating of the CO2 added tax was suspended between 1 January 2022 until 31 March 2022, through Ministerial Order no. 315/2021, of 23 December, while maintaining the CO2 added tax for 2021, i.e. is €23,921 ton/ CO2. Several Ministerial Orders have established the suspension of CO2 added tax until 5 June 2023. Since then, the Portuguese government has gradually unfrozen the CO2 added tax trajectory standing now at €56,246 ton/CO2 from 29 July onwards, by Ministerial Order no. 244-A/2023, of 28 July.

## **B. Electricity Transmission**

Electricity transmission is carried out through the national transmission network, under an exclusive concession granted by the Portuguese government for a 50-year period to the TSO. The concession for electricity transmission was awarded to REN until 2057, under article 64 of Decree-Law no. 182/95, of 27 July, as amended and republished by Decree-Law no. 56/97, of 14 March.

The activities of the TSO (or the concessionaire for the electricity transmission network) must be independent, both legally and organisationally, from other activities in the electricity sector. On 9 September 2014, ERSE issued a decision certifying that REN complies with the relevant legal requirements to be considered a full ownership unbundling TSO, subject to the conditions set out therein. These conditions were duly fulfilled, as confirmed by ERSE's decision of 31 July 2015.

The Manual of Procedures for the Global Management System of the electricity sector ("**MPGGS**") was approved by ERSE's Directive no. 19/2022, of 18 November, published in the Official Gazette as Directive no. 23/2022, of 13 December, which established the provisions applicable to the operation of the Global Management System activity carried out by the TSO and implements the harmonised European methodology for handling deviations, arising from Decision no. 18/2020, of 15 July, (ISH - Imbalance Settlement Harmonisation) of the ACER.

## **C. Electricity Distribution**

Electricity distribution is carried out through the national distribution network, consisting of a medium and high voltage network, and through the low voltage distribution networks. The distribution system operator ("**DSO**") is currently E-Redes, formerly designated EDP Distribuição – Energia, S.A.

On 13 August 2020, ERSE approved the change of EDP Distribuição brand to E-REDES from 2021 onwards, to avoid confusion between the remaining EDP group brands. In a statement, ERSE stated that the change in the image and name will be implemented gradually, in order to ensure cost neutrality for electricity consumers.

The requirements concerning the separation of the activity of electricity distribution from other activities within the electricity system have become more demanding following the enactment of ERSE's Commercial Relations Regulation for the electricity and gas sectors (Regulation no. 1129/2020, of 30 December, "**RRC**"), which entered into force on 1 January 2021. As a result, the DSO cannot share resources (computer systems or equipment, security systems, legal and accounting resources, services providers and external contractors) with the companies within the vertically integrated undertaking when there is a risk of conflict of interests or discrimination, or if it will affect competition or commercially sensitive information.

Currently, the national medium and high voltage distribution network is operated under an exclusive concession granted by the Portuguese state for a 35-year period. This concession was awarded to EDP's subsidiary, E-REDES, pursuant to article 70 of Decree-Law no. 29/2006, of 15 February, after converting the licence held by E-REDES under the former regime into a concession agreement, signed on 25 February 2009. The terms of the concession agreement currently in place are set forth in Decree-Law no. 15/2022, of 14 January.

The low voltage distribution networks are operated under concession agreements granted by the municipalities. Most of the low voltage distribution networks are handled by E-REDES, alongside some local concessionaires with less than 100,000 clients.

Although the existing municipal concession agreements were maintained pursuant to Decree-Law no. 15/2022, of 14 January, the new concessions must be awarded after a competitive procedure to be implemented by the relevant municipalities. Law no. 31/2017, of 31 May, established the principles and general rules of the upcoming public tenders and the extension of concession agreements that had already terminated. In order to ensure the launch of the public tender procedures in early 2019, the Council of Ministers issued Resolution no. 5/2018, of 11 January, approving the programme of preparatory studies and actions to be carried out by ERSE in coordination with DGEG and the National Association of Portuguese Municipalities. It is worth noting that 259 of a total of 278 municipalities expired in 2022. The remainder will expire in 2026.

Pursuant to such Resolution, ERSE has proposed on 22 January 2019 that the municipalities shall be grouped in three areas (north, centre and south) and that the public tender procedures shall be launched jointly by the municipalities located in such geographical areas.

On 30 November 2020, Dispatch no. 11814/2020, created a working group for the elaboration of the procedures, programme and standard specifications of the public tenders for the low voltage electricity distribution concessions. This working group should present within four months the procedural parts and the draft standard contract for the concession of the operation of the low voltage distribution networks. However, Dispatch no. 3759/2021, of 13 April, extended the working group mandate until the end of July 2021 and the conclusions of the working group have not been announced. As a result, the timeline for the launch of the public tenders for the low voltage electricity concessions is not currently known.

In the meanwhile, the legal framework for the Portuguese electricity sector was revised, through the publication of Decree-Law no. 15/2022, of 14 January, which establishes that the duration of each one of the current low voltage concession agreements is automatically extended until a new concession agreement is in place.

Decree-Law no. 15/2022, of 14 January, also created a new activity within the National Electricity System, to be carried out, under a concession agreement, by the Integrated Manager for the Distribution System. The Integrated Manager for the Distribution System will be responsible for coordinating some aspects of the low voltage/medium voltage/high voltage concessions. Until such concession is awarded, the DSO will continue to coordinate the operation of the distribution systems. The unification of the technical management of the distribution grids entails the amendment of the concession contracts currently in force.

By law, the entities carrying out the low voltage distribution which supply more than 100,000 customers and which are vertically integrated must be independent from other activities unrelated to the distribution activity, from a legal, organisational and decision-making standpoint. In turn, the operators of low voltage distribution networks who supply less than 100,000 customers are only obliged to have separate accounts and are not subject to full ownership or legal unbundling obligation.

Pursuant to Decree-Law no. 15/2022, of 14 January, the 5-year network development and investment for the distribution system must be reviewed every five years and updated on even years. The plans for network development and investment are submitted to DGEG and ERSE and are subject to public consultation and to the approval by the Portuguese government. The same procedure applies to low voltage networks.

Following the enactment of Decree-Law no. 15/2022, ERSE approved Regulation no. 817/2023, of 28 July, which establishes the Regulation for the smart grid services for the distribution of electricity. Also, Dispatch no. 14064/2022, of 6 December, approves the timeline to install smart meters and their integration into smart grid infrastructures, ensuring 100 per cent. coverage of final customers by 2024. The prices that E-REDES charges for access to the distribution networks are subject to extensive regulation by ERSE. The access tariffs set by ERSE are paid by all consumers, whether in the regulated or the liberalised market. The allowed revenues of E-REDES for the 2022-2025 regulatory period are segregated between i) high and medium voltage and ii) low voltage. For each one of these components, a price cap mechanism is applied to the total expenditure ("TOTEX"). The TOTEX allowed revenues for each one of those components, for the current regulatory period, took into consideration the expected evolution of the regulated asset base (given the most recently approved 5-years' plan), a 4.7 per cent. reference rate of return (which is yearly adjusted to the annual average yield of 10-years Portuguese Treasury bonds) and the observed difference between allowed and realised OPEX in the previous years. Such price caps are subjected to an efficiency factor of 0.75 per cent. per year (in real terms) which does not affect capital costs of investment realised before 2022 and pass-through costs.

## **D. Electricity Supply**

### *Overview*

Electricity supply is open to competition, subject only to a registration regime. Suppliers may freely buy and sell electricity. For this purpose, they have the right to access the national transmission and distribution networks upon payment of access tariffs set by ERSE. EDP operates as a supplier in the liberalised market, through its subsidiary EDP Comercial.

Electricity suppliers must comply with certain public service obligations to ensure the quality and continuity of supply, as well as consumer protection with respect to prices, access tariffs and access to information in simple and understandable terms.

In addition to the information requirements established on ERSE's regulation, Law no. 5/2019, of 11 January, further determines that the invoices issued by electricity suppliers must contain all elements necessary to a complete and accessible understanding of the total and disaggregated amounts, in particular the estimated and actual consumption, energy tariffs, grid access tariffs, supply tariffs, social tariffs (when applicable), primary energy, payment deadlines and methods and consequences of failure to pay the charged amounts. Suppliers shall also provide annual information to all customers, until 30 June of each year, regarding, in particular, the tariffs and prices to be applied that year, CO<sub>2</sub> emissions and political, sustainability and energy efficiency measures proposed by ERSE and the DGEG.

Decree-Law no. 60/2019, of 13 May, established a reduced VAT rate (6 per cent.) regarding the fixed component of the third-party access from electricity supply (for natural gas, please see natural gas supply), maintaining the remaining invoice at the normal VAT rate (23 per cent.). This is applicable to the electricity supply (contracted capacity  $\leq$  3.45 kVA) and entered into force on 1 July 2019.

Law no. 19/2022, of 21 October, approved the application of the reduced VAT rate (currently 6 per cent. per cent. in mainland Portugal) to supplies of low voltage electricity (up to 6.9 kVA) for consumption not exceeding:

- 100 kWh per 30-day period; and
- 150 kWh per 30-day period, when purchased for consumption by large households, defined as having five or more people (applicable for consumption as from 1 March 2021).

This will be applicable for consumption as from 1 October 2022 until 31 December 2023. The reduced rate does not apply to fixed components of electricity supplies (i.e., that do not change with the amount of electricity consumed, such as the fixed component of the tariff to access the network and components related to the contracted power).

Electricity supply is also carried out by the last resort supplier, licensed by the DGEG, and is subject to universal service obligations and regulation by ERSE. Besides supplying electricity to customers who have not switched to the liberalised market, the last resort supplier is responsible for the purchase of the special regime generation that benefits from a guaranteed remuneration scheme (feed-in tariff). This energy is sold by the last resort supplier in the organised markets or at energy auctions promoted and organised by ERSE. The last resort supplier is entitled to recoup the overcosts with the acquisition of the special regime generation relative to the revenues obtained from its sale in the market.

Pursuant to amendments introduced by Decree-Law no. 264/2007, of 24 July, the last resort supplier is also further required to buy energy through market mechanisms, namely auctions, with conditions defined by the Portuguese government. The purchases are recognised for the purpose of regulated costs whenever they reach maturity. The last resort supplier must manage the different forms of contracts in order to acquire energy at the lowest cost. All unneeded surplus electricity acquired by the last resort supplier is resold on the organised market.

Since 1 January 2007, the role of last resort supplier has been carried out by: (i) an independent entity, from an organisational and legal standpoint, SU Eletricidade, which was incorporated by EDP's subsidiary, E-REDES; and (ii) some local low voltage distribution concessionaires with less than 100,000 clients.

The prices that SU Eletricidade charges for the electricity supplied to the customers remaining in the regulated market are uniform throughout mainland Portugal and subject to extensive regulation.

Revenues for last resort suppliers comprise different components according to the regulated activity: (i) the costs with the purchase and sale of energy and the access to the networks are fully recouped and recognised in the regulated cost base; and (ii) regarding the commercialisation activity, OPEX is subject to a price-cap mechanism, with an efficiency factor of 1.5 per cent. concerning the current regulatory period.

### *Logistics for Switching Suppliers and Aggregators*

Electricity consumers are free to choose their electricity supplier since September 2006 and are exempt from any payment when switching suppliers. Switching suppliers should not take more than three weeks, and there is no limitation on the number of switches any customer can make.

Decree-Law no. 172/2006, of 23 August, introduced a new legal entity, the logistic operator for switching suppliers ("**OLMC**"), regulated by ERSE, responsible for overseeing the logistical operations that facilitate consumer switching. The OLMC for electricity and natural gas is currently Agência para a Energia ("**ADENE**"), the national agency for energy (as appointed by Decree-Law no. 38/2017, of 31 March). Until the 10-year licence is awarded to another entity by means of a competitive procedure (to be carried out within one year as of the date of entry into force of Decree-Law no. 15/2022, of 14 January), ADENE will continue to be the national agency for energy.

Since the enactment of Decree-Law no. 15/2022, of 14 January, the OLMC is now also responsible for switching aggregators.

### *Phasing out of end-user regulated tariffs*

The phasing out of end-user regulated tariffs began in 2011, pursuant to Decree-Law no. 104/2010, of 29 September, which approved the termination of the end-user regulated tariff for clients other than normal low voltage (comprising the very high, high, medium and special low voltage levels) as of 1 January 2011 and their replacement by a transitory end-user regulated tariff, set by ERSE. In turn, Resolution of the Council of Ministers no. 34/2011, of 1 August, approved the timetable for the termination of the end-user regulated tariff and the introduction of a transitory end-user regulated tariff for normal low voltage electricity consumers as follows: (i) 1 July 2012 for consumers with contracted power equal or greater than 10.35 kVA; and (ii) 1 January 2013 for consumers with contracted power lower than 10.35 kVA.

By law, the last resort supplier must continue to supply electricity consumers that have yet to migrate to the liberalised market. To encourage customers to switch to the liberalised market, Decree-Law no. 75/2012, of 26 March, approved the application of an aggravating factor to the transitory end-user regulated tariffs set by ERSE.

The termination of the transitory end-user regulated tariffs was initially scheduled to occur on: (i) 31 December 2011 for all segments other than normal low voltage; (ii) 31 December 2014 for normal low voltage customers with contracted power equal or greater than 10.35 kVA; and (iii) 31 December of 2015 for the remainder. However, these deadlines have been continuously postponed, except for the very high voltage level, which ended in 2013. Following the enactment of Ministerial Order no. 83/2020, of 1 April, the phasing out of the remaining transitory end-user regulated tariffs is now scheduled to be completed as follows:

- normal low voltage electricity supply, 31 December 2025;
- medium voltage electricity supply, 31 December 2021; and
- special low voltage electricity supply, 31 December 2022.

The dates for the extinction of the transitory end-user tariffs applicable to normal low voltage and special low voltage electricity supply were maintained by Decree-Law no. 15/2022, of 14 January.

In addition, Decree-Law no. 75/2012, of 26 March, as amended by Law no. 105/2017, of 30 August, determined that the normal low voltage consumers that have already switched to the liberalised market may choose pricing conditions comparable to the end-user regulated tariffs and, ultimately, return to the last resort supplier when the relevant supplier does not offer such pricing conditions until 31 December 2025, under the terms established in Ministerial Order no. 348/2017, of 14 November (subsequently amended by Ministerial Order no. 6/2021, of 6 January, which extended this option of consumers until 31 December 2025). Moreover, Law no. 105/2017 provides for the elimination of the aggravating factor established by Decree-Law no. 75/2012, of 26 March.

### *Electricity Tariffs*

According to ERSE statutes, approved by Decree-Law no. 97/2002, of 12 April, as amended by Decree-Law no. 212/2012, of 25 September, by Decree-Law no. 84/2013, of 25 June, by Decree-Law no. 57-A/2018, of 13 July, by Decree-Law no. 76/2019, of 3 June, and by Decree-Law no. 71/2021, of 11 August, ERSE is responsible for the establishment and for the approval of tariffs and regulated prices applicable in Portugal, under the Tariff Code of the electricity sector.

The 2023 tariffs and prices for electricity were approved by ERSE's Directive no. 3/2023, of 11 January, resulting in an increase of 3.3 per cent in the tariff for end-users' consumers in Normal Low Voltage, and an average decrease of network access tariffs by 506 per cent. This Directive was updated by Directive no. 9/2023, of 3 April, translating into a €5/MWh reduction in the tariff for end-users' consumers in Normal Low Voltage. Additionally, Directive no. 14/2023, of 26 July, approved an Exceptional Tariffs Revision, resulting in the maintenance of the tariff for end-users' consumers in Normal Low Voltage, with an increase of networks access tariffs compensated by a decrease of energy tariffs, applicable in the period from July to December 2023.

### *Costs deferral*

In 2006 and 2007, a "tariff deficit" was generated, which meant that the end-user tariffs charged by the last resort supplier (E-REDES in 2006 and SU Eletricidade as of 2007) were not covering all the costs of the system, generating a loss for the last resort supplier and for the TSO, REN. This deficit resulted from two different decree-laws: (i) Decree-Law no. 187/95, of 27 July, amended by Decree-Law no. 157/96, of 31 August, and Decree-Law no. 44/97, of 20 February, which prevented the low voltage tariffs from rising above the expected rate of inflation in 2006; and (ii) Decree-Law no. 237-B/2006, of 18 December, which limited the rise in tariffs for residential customers (normal low voltage) in 2007 to a maximum of 6 per cent. These deficits were fully recovered in ten years, beginning in 2008, through annual rises in the access tariffs.

When ERSE set the tariffs for 2009, another, and significantly larger, tariff deficit was generated, mainly due to the increase in electricity prices in the wholesale market. Given the need to regulate the creation of these deficits and to clarify how they could be recovered, Decree-Law no. 165/2008, of 21 August, defined the rules applicable to: (i) tariff adjustments resulting from the electric energy acquired by the last resort supplier in exceptional cost situations; and (ii) the tariff repercussion of certain costs related to energy, sustainability and general economic interest policy measures. This decree-law determined that every tariff deficit generated thereon, on such conditions, should be recovered over a maximum period of 15 years. In the case of the tariff deficit of 2009, an instalment worth 1/15 of the total deficit plus the corresponding interest has been added to the tariffs each year, beginning in 2010.

In 2012, to prevent an increase in electricity tariffs, the Portuguese government deferred the CMEC annual adjustments of 2010, according to Decree-Law no. 109/2011, of 18 November. Another deferral was enacted pursuant to Decree-Law no. 256/2012, of 29 November, applying to the CMEC and PPA annual adjustments of 2011, earning interests at an annual rate of 5 per cent. and 4 per cent., respectively, as set by Ministerial Order no. 145/2013, of 9 April.

Decree-Law no. 32/2014, of 28 February, deferred the CMEC annual adjustment of 2012 in the electricity tariffs for 2014, to be recovered in equal parts in the allowed revenues of the distribution network operator for 2017 and 2018. The Decree-Law also determined the payment of a compensation for this deferral, according to a remuneration rate computed pursuant to Ministerial Order no. 500/2014, of 26 June, applied to the parameters being established by Dispatch no. 9480/2014, of 22 July, resulting in an annual interest rate of 5 per cent.

In 2011, a change in Decree-Law no. 29/2006, of 15 February, was established by Decree-Law no. 78/2011, of 20 June, and further amended by Decree-Law no. 75/2012, of 26 March, by Decree-Law no. 112/2012, of 23 May, by Decree-Law no. 215 A/2012, of 8 October, by Decree-Law no. 178/2015, of 27 August, and Law no. 42/2016, of 28 December, in order to allow for the deferral of overcosts with the acquisition of electricity under the special regime generation over a period of five years, mandatory for the 2012 overcosts and optional for the overcosts up until 2020. Accordingly, since 2012, ERSE has been deferring for a 5-year period the recovery of the special regime generation overcosts expected for each year. On 1 October 2020, Decree-Law no. 79/2020, allowed for the deferral of overcosts with the acquisition of electricity under the special regime generation until 31 December 2025.

Ministerial Order no. 279/2011, of 17 October, further regulated by Ministerial Order no. 146/2013, of 11 April and Ministerial Order no. 262-A/2016, of 10 October, set the methodology to calculate the rate of return applicable to the deferral of the recovery of the overcosts with the acquisition of special regime generation. The final value of the rate of return depends on parameters defined annually in supplementary legislation. The parameters for 2021 were set by Dispatch no.12088/2020, of 14 December, and considered by ERSE in the tariffs for 2021. On 30 June 2021, Ministerial Order no. 138/2021 revoked Ministerial Order no. 279/2011, of 17 October (and further legislation), and established a new methodology to calculate the rate of return applicable to the deferral of the recovery of the overcosts with the acquisition of special regime generation and a sharing mechanism with electricity consumers whenever, from the assignment of the right to receive the amounts relating to special regime generators, the EDP Group obtained a gain.

### *Social tariffs*

The electricity social tariff was established by Decree-Law no. 138-A/2010, of 28 December, as amended by Decree-Law no. 172/2014, of 14 November, and Law no. 7-A/2016, of 30 March, corresponding to a 20.0 per cent. discount applied to the low voltage access tariff applicable to vulnerable consumers, borne by the non-renewable electricity generators, as well as by entities operating large hydro power plants. The procedures and conditions for the attribution of the electricity social tariff are regulated by the provisions of Ministerial Order no. 178-B/2016, of 1 July.

Decree-Law no. 102/2011, of 30 September, as amended by Decree-Law no. 172/2014, of 14 November, regulated by Ministerial Orders no. 275-A/2011 and no. 275-B/2011, of 30 September, introduced an additional support mechanism, by establishing the extraordinary social support to the energy consumer ("ASECE"), corresponding to a 13.8 per cent. discount applied to the electricity bill before taxes, borne by the Portuguese taxpayers.

The 2016 state budget law (Law no. 7-A/2016, of 30 March) introduced important changes in the support mechanisms addressing energy poverty, creating a unique and automatic model to assign social tariffs to economically vulnerable customers. Concurrently, it revoked Decree-Law no. 102/2011, of 30 September, determining the incorporation of ASECE into the social tariff discount, thereby increasing the amount financed by the ordinary regime generation.

The rate of discount of the social tariff is established annually by Dispatch of the member of the Portuguese government responsible for energy affairs. For 2023, (Dispatch no. 12461/2022, 25 October), kept the discount unchanged at a rate equivalent to 33.8 per cent. per cent. on the electricity bill before taxes.

On 26 November 2020, Decree-Law no. 100/2020, extended the requirements to benefit from the electricity and natural gas social tariff, in particular to include all unemployment situations in addition to those that already exist and, also, to the beneficiaries of the disability social pension under the special disability protection regime or the complement of the social benefit for inclusion.

On 1 March 2021, Ministerial Order no. 45-B/2021 amended Ministerial Order no. 178-B/2016, of 1 July, which established the procedures, model and other conditions necessary for the application of the social tariff for the supply of electricity, namely in order to increase the frequency in which the procedures for automatic identification and validation of economically vulnerable customers occur.

Decree-Law no. 15/2022, of 14 January, defined the electricity social tariff scope, namely in relation to beneficiaries, financing, and implementation. Beneficiaries are considered economically vulnerable clients, being defined by their income or social situation. The 2023 state budget, defined by the Law no. 24-D/2022, of 30 December, amended the income limit to be considered as an "economically vulnerable household" to €6,272.64 annual total.

### *Collateral management in the Electricity System*

On 15 April 2021, ERSE's Directive no. 7/2021 was published in the Portuguese official gazette, which approved the electricity power system's collateral management regime. The collateral management regime determines that the guarantees provided by each agent include two components: an individual and a solidary



guarantee, which may cover both own responsibilities and the responsibilities of the agents in the system, respectively.

OMIP is the responsible entity to perform the integrated management of collateral between agents.

### *Electric Mobility*

EDP, through its subsidiary EDP Comercial – Comercialização de Energia, S.A. acts both as a charging points operator and as a supplier of electricity for electric mobility.

The organisation of the electric mobility sector was approved by Decree-Law no. 39/2010, of 16 April, as amended by Decree-Law no. 90/2014, of 11 June, and by Law no. 82-D/2014, of 31 December.

ERSE's Regulation no. 854/2019, of 4 November (Electric Mobility Regulation), as amended by Regulation no. 103/2021, of 1 February defines how the public charging stations network should be managed and delineates the roles of the key players involved in the operation of the mobility network, including the remuneration of the regulated activities within the sector. The tariffs applicable to the Management Entity for the Electric Mobility Network are annually defined by ERSE. The 2023 tariffs were approved by Directive no. 2/2023, of 9 January.

Under the current legal model there is a regulated entity, Mobi.E, which is responsible for the management of the public network to which charging points are connected.

The Portuguese regulation ensures that any electrical vehicle user is allowed to use any charging station in places of public access (at national level), though it does not expressly consider ad hoc charging and it imposes a regulated roaming entity.

The network tariff structure applied to electric mobility is fully variable (and may be charged by €/kWh, €/minute or €/charging session), though it reflects some costs related with contracted capacity (kW). Charging stations located in private access spaces are not required to connect to the electric mobility network under a contract with Mobi.E (although such connection shall be provided if requested) and may be supplied under the supply agreement entered into with the supplier of the National Electricity System (instead of executing a supply agreement with a supplier of electricity for electric mobility).

On 27 December 2019, a public tender was launched through Procedure Notice no. 14283/2019 for the concession of the operation of electric mobility charging stations. This was an international public tender, for the concession to operate the Mobi.E pilot for 10 years and involved 663 Normal Charging Stations. The tender was divided into 11 lots (about 60 charging stations per lot), distributed territorially in an equitable manner, with each operator, although able to apply to all 11 lots, allowed to obtain a maximum of three lots. EDP, GALP, KLC and Power Dot were the four companies selected for the concession for the operation of Mobi.E.'s electric mobility charging stations.

On 27 December 2022, Dispatch no. 14724-A/2022, established the financial support for electric vehicle users, corresponding to a discount applicable by each charge registered in the electric mobility network.

The tariffs for the activity of the electric mobility network management entity, Mobi.E, to be in force from January to December 2023, were approved through ERSE's Directive no. 26/2022, of 23 December.

To increase the consumption of net zero emissions' vehicles in 2023, the Portuguese government, through Dispatch no. 5126/2023, of 3 May, determined the assignment during the year 2023 of an incentive for the installation of electric vehicle chargers in condominiums, of 80 per cent. of the purchase price of a charger, up to a maximum of €800 per station, and the value of the electrical installation, up to a maximum of €1,000 per parking space.

### *Self-Consumption*

Decree-Law no. 15/2022, of 14 January, establishes the organisation and functioning of the National Electricity System, and incorporated provisions regarding self-consumption of renewable energy. This diploma revoked Decree-Law no. 162/2019, of 25 October, which approved the legal framework applicable to renewable energy self-consumption.

The collective self-consumption model is based on the association of consumers and generation units in proximity to share energy. The Managing Entity for Collective Self-Consumption ("EGAC") is assigned by the participants, and it represents the collective self-consumption before operators and administrative entities. The regulation holds EGAC accountable for the relation with the grid operator, for the purpose of managing the sharing of energy and availability of the generation data as well as the relation with the aggregator for the selling of the self-consumption surplus energy. Decree-Law no. 15/2022 also refers to the self-consumption regulation, approved by ERSE Regulation no. 815/2023, of 27 July, which governs in particular the commercial relationships between parties in self-consumption, metering and data handling, energy sharing methods in collective self-consumption and energy communities and applicable regulated tariffs.

The self-consumption regulation also covers issues regarding the Commercial Relations Code, the Smart Grid Services' Code and in the Guide for Measurement, Readings and Data handling, which require a specific regulatory framework because of the particularities of self-consumption regime.

Decree-Law no. 85/2022, of 21 December, simplifies the tax obligations emerging from the sale to the grid of surplus electricity generated by self-consumption units.

#### *Electricity Intensive Consumers*

On 14 of March, Ministerial Order no. 112/2022, which regulates the Electricity Intensive Consumers Status ("ECE") was published, as introduced by Decree-Law no. 15/2022, of 14 January. The Ministerial Order defines the minimum qualifying thresholds concerning the eligibility requirements for the operators of the consumption installations to benefit from the ECE and defines the applicable regime to the obligations and support measures granted to consumption installations covered by the ECE.

#### *Energy Saving Plan*

Following the exceptional rise in global energy prices since mid- 2021, exacerbated by the conflict between Russia and Ukraine since February 2022, in line with the commitment assumed by the European Commission in relation to the "save energy" topic, Resolution of the Council of Ministers no. 82/2022, of 27 September, approves an Energy Saving Plan that establishes binding measures for Central Government and recommendations for Local Administration and the Private Sector (e.g. the reduction of electricity consumption outside commercial establishments' opening hours, not using decorative lights, limiting the temperature in commercial spaces, etc.). This plan aims to achieve a 5 per cent. saving in gas consumption, in addition to the 20 per cent. reduction achieved last year, excluding the consumption of gas used in electricity production.

## **Gas Sector: Regulatory Framework**

### **1. Overview**

The general basis, principles and model of organisation of the Portuguese Gas System ("SNG"), were established through Decree-Law no. 62/2020, of 28 August, as amended by Rectification no. 40-C/2020, of 27 October, which transposes Directive 2019/692 of the European Parliament and of the Council of 17 April 2019, concerning common rules for the internal market in natural gas.

Such decree-law encompasses not only the legal regime applicable to the activities of natural gas (formerly covered by Decree-Law no. 30/2006, of 15 February, and Decree-Law no. 140/2006, of 26 July), but also introduces the legal framework applicable to the production and introduction of low carbon gases and gases of renewable origin.

The SNG is currently divided into six major activities: reception, storage and regasification of LNG, underground storage of natural gas, transmission, distribution, supply and logistic operations for switching between suppliers.

Activities related to the reception, storage and regasification of LNG, underground storage of natural gas, and transmission of natural gas are regulated and provided through the award of public service concessions. Natural gas distribution is regulated and carried out through the award of public service concessions or licences.

The supply of natural gas is open to competition and only requires compliance with a licensing or registration procedure.

ERSE approved gas regulations, as further detailed below, completing the adaptation of the regulation to the new national legal framework that now includes the production of renewable gases and low-carbon gases.

### **2. Natural Gas Supply**

EDP operates in the supply of natural gas market, which is open to competition, subject only to prior registration with DGEG. EDP's licensed supplier of natural gas for the liberalised market is EDP Comercial.

Decree-Law no. 60/2019, of 13 May, also established a reduced VAT rate (6 per cent.) for the fixed component of the third party access to the natural gas supply, maintaining the remaining invoice at the normal VAT rate (23 per cent.). This applies to the natural gas supply (low pressure  $\leq 10\,000$  m<sup>3</sup>/year) and it entered into force on 1 July 2019.

Suppliers may openly buy and sell natural gas. For this purpose, they have the right to access the natural gas transmission and distribution networks upon payment of an access tariff set by ERSE. The Natural Gas Framework enumerates certain public service obligations for suppliers to ensure the quality and continuity of supply, as well as consumer protection with respect to prices, access tariffs and access to information in simple and understandable terms.

The Natural Gas Legal Framework also establishes the existence of a gross last resort supplier and of retail last resort suppliers, licensed by DGEG and subject to regulation by ERSE. As last resort suppliers are required to be legally separated from all other activities (unless they supply less than 100,000 clients), EDP's last resort supplier activity is undertaken by its subsidiary, EDP Gás SU, in the concession area of REN Portgás Distribuição, S.A., which covers the districts of Oporto, Braga and Viana do Castelo, in the Northern coastal region of Portugal.

The allowed revenues of the last resort suppliers are defined by ERSE on an annual basis according to the parameters set at the beginning of each regulatory period.

ERSE Directive no. 15/2022, of 28 June, approved the regulated tariffs to be applicable between July 2022 and June 2023.

From 1 January 2023, the gas tariffs' update is defined by Directive no. 1/2023, of 9 January.

ERSE's Directive no. 6/2023, of 1 June, approved gas tariffs and prices for 2023-2024 and set the regulation parameters for the 2024-2027 period.

Due to the conflict in Ukraine, exceptional measures have been put in place to minimise the continuing increase in energy prices:

- Decree-Law no. 30-B/2022, of 18 April, amended by Decree-Law no. 78-A/2022, of 15 November and Decree-Law no. 6/2023, of 27 January, provided a system of incentives for the liquidity of companies particularly affected by the sharp increase in the price of natural gas, named the 'Programme to Support Intensive Gas Industries'. Decree-Law no. 78-A/2022, of 15 November, reinforces these incentives;
- Resolution of the Council of Ministers no. 82/2022, of 27 September, approved the reinforcement of gas storage capacity with an investment in at least two additional cavities, in order to obtain a complementary amount of underground storage capacity in the Carriço infrastructures exceeding 1.2 TWh and to accommodate underground storage of security reserves (or others that may be defined). This Resolution also approved a set of investments to be accomplished by REN in Sines (estimated at €4.5 million) to strengthen the country's LNG capacity (reinforce the transhipment capacity);
- Decree-Law no. 67/2022, of 4 October, established the suspension of the ISP and CO2 added tax regarding the natural gas used to produce electricity (in line with the "Legislative Authorisation" foreseen in the State Budget Law 2022);
- Resolution of the Council of Ministers no. 87/2022, of 4 October, approved an extraordinary pack of measures to support companies in tackling rising energy prices and mitigate the effects of inflation, namely:
  - reinforcement of the support to gas-intensive companies (this support will be allocated to the companies after EC approval under the state aid rules);
  - credit lines for companies that are directly or indirectly affected by the sharp rise in energy costs;
  - accelerated energy efficiency and energy transition, which includes measures to support the decarbonisation of the industrial sector, renewable energy production, encouraging a change of energy sources, reducing emissions and monitoring / optimising energy consumption; and
  - 20 per cent. corporate income tax reduction on the costs of electricity and natural gas borne in 2022;
- Decree-Law no. 70/2022, 14 October, adopted a set of measures to improve the functioning of the gas market. These include:
  - Temporary measures (to be in force for two years, counted from the date of publication of Decree-Law no. 70/2022, of 14 October, regarding additional reporting obligations):
    - data from take or pay ("**ToP**") contracts, namely reporting obligations when it is necessary to buy on the market when ToP contracts are not sufficient;
    - for dominant operators (>20 per cent.) - surrender of gas supply capacity, obligation to diversify the source of gas supply, obligation to make offers on the market, obligation to create additional security reserves based on customer volume (the costs of which will be borne by the operators themselves). Specific obligations and conditions within this scope were defined by Dispatch no. 7310/2023, of 11 July; and
    - for large gas consumers who have savings, they can sell their surplus to the market.
  - Permanent measures

- the National Entity for Energy Sector competences will be extended, in order to enable the creation of a strategic gas reserve owned by the Portuguese State and borne by each operator.

Decree-Law no. 84-D/2022, of 9 December, December, as amended by Decree-Law no. 23/2023, of 5 April and by Decree-Law no. 79-A/2023, of 4 September, establishes the transitional scheme for stabilisation of the price of natural gas as regards consumptions occurred in 2023, by means of a discount over the price of natural gas, as equivalent to the difference between the price of the energy component in the invoice and its reference value. Decree-Law no. 84-D/2022, of 9 December will be in force until 31 December 2023.

#### *Logistics operations for switching suppliers*

The option to switch to the liberalised market is open to all natural gas consumers as of January 2010. Since then, natural gas consumers are free to choose their supplier and are exempt from any payment when switching suppliers. The rules approved by Decree-Law no. 15/2022, of 14 January on the OLMC for the National Electricity System also apply to the National Gas System.

#### *Phasing out of end-user regulated tariffs*

The phasing out of end-user regulated tariffs began in 2010, pursuant to Decree-Law no. 66/2010, of 11 June, which approved the termination of the end-user regulated tariff for large clients (with an annual gas consumption greater than 10,000m<sup>3</sup>) as of 1 July 2010, and their replacement by a transitory end-user regulated tariff, set by ERSE. Decree-Law no. 74/2012, of 26 March, approved the timetable for the termination of the end-user regulated tariff and introduced a transitory end-user regulated tariff for clients with annual gas consumption lower than 10,000 m<sup>3</sup> as follows: (i) 1 July 2012 for clients with an annual gas consumption greater than 500 m<sup>3</sup>; and (ii) 1 January 2013, for the remainder. By law, the last resort suppliers must continue to supply the natural gas consumers that have yet to migrate to the liberalised market.

However, these deadlines have been continuously postponed and, following the enactment of Ministerial Order no. 83/2020, of 1 April, the phasing out of the transitory end-user regulated tariffs is now scheduled to be completed by: (i) 31 December 2022, for low pressure natural gas supply to clients with an annual consumption higher than 10,000m<sup>3</sup>; and (ii) 31 December 2025, for natural gas supply to clients with an annual consumption below 10,000m<sup>3</sup>. After this time, last resort suppliers will only be allowed to supply economically vulnerable consumers, as defined by Decree-Law no. 231/2012, of 26 October. However, economically vulnerable consumers were granted the right to choose whether to continue to be supplied by the last resort supplier or by a regular supplier, maintaining in any case the right to benefit from the legally established tariff discounts.

In order to avoid an increase in the final prices of natural gas, in terms that burden families and small businesses, an exceptional and temporary regime was published on 6 September 2022, by Decree-Law no. 57-B/2022, allowing end-user consumers with annual consumption equal to or less than 10,000 m<sup>3</sup> to return to the gas regulated tariff regime, harmonising this regime with the existing one in the electricity sector. This return is allowed without associated expenses or the need for new gas inspections. This temporary regime is to be reviewed within 12 months after the date of publication of Decree-Law no. 57-B/2022.

#### *Social Tariffs*

The natural gas social tariff was established by Decree-Law no. 101/2011, of 30 September, corresponding to a discount applied to the low-pressure access tariff borne by natural gas customers. The procedures and conditions for the attribution of the electricity social tariff are regulated by the provisions of Ministerial Order no.178-C/2016, of 1 July, as amended by Ministerial Order no. 12/2021, of 11 January.

In addition, Decree-Law no. 102/2011, of 30 September, regulated by Ministerial Orders no. 275-A/2011 and no. 275-B/2011, of 30 September, introduced the ASECE, corresponding to a 13.8 per cent. discount applied to the natural gas bill before taxes, borne by the Portuguese taxpayers.

The 2016 state budget law (Law no.7-A/2016, of 30 March) introduced important changes in the support mechanisms addressing energy poverty, creating a unique and automatic model to assign social tariffs to economically vulnerable customers. At the same time, it determined the incorporation of ASECE into the social tariff discount (revoking Decree-Law no. 102/2011, of 30 September).

The rate of discount of the social tariff is established annually by Dispatch of the member of the Portuguese government responsible for energy issues. Dispatch no.6289/2023, of 7 June, keeps the 31.2 per cent. discount rate for the tariff period between 2023 and 2024, with effect on 1 October 2023.

The 2018 state budget law (Law no. 114/2017, of 29 December) provides for changes to the way the costs of the social tariff are funded, by determining that these costs should be borne by the natural gas transportation companies and suppliers, as a *pro rata* of the amount of gas supplied in the previous year.

As per the Portuguese government's request, the Attorney General's office issued an opinion on the state budget law's provision that establishes social tariff's funding in which it argues that all companies responsible for the transportation of natural gas shall bear the costs of the social tariff and that these shall include the TSO, as well as the DSO.

Following the homologation of such opinion by the Secretary of State for Energy, and even though the interpretation contained therein only binds the public services that requested said opinion, ERSE amended the Tariff Code as to reflect the interpretation of the Attorney General's office opinion.

In fact, these changes became effective as of 1 July 2018, after ERSE introduced the necessary amendments to the Natural Gas Tariff Regulation and to the Commercial Relations Regulation, approved, respectively, by Regulations no. 385/2018, of 21 June, and no. 387/2018, of 22 June.

On 26 November 2020, Decree-Law no. 100/2020 extended the requirements to benefit from the electricity and natural gas social tariff, in particular to include all unemployment situations in addition to those that already exist and, also, to the beneficiaries of the disability social pension under the special disability protection regime or the "*prestação social para a inclusão*" (a social allowance which aims to improve the social protection of persons with disabilities and to encourage their participation in society and the labour workforce).

#### *Collateral Management in the Gas Power System*

ERSE's Directive no. 7/2021, of 15 April, amended by Directive 15/2022, of 28 June, published in the Portuguese official gazette, approved the gas system's collateral management regime. The collateral management regime determines that the guarantees provided by each agent include two components: an individual and a solidary guarantee, which may cover both own responsibilities and the responsibilities of the agents in the system, respectively. Such regime shall be in force until 31 December 2023.

OMIP is the responsible entity to perform the integrated management of collateral between agents.

#### *Hydrogen*

Decree-Law no. 30-A/2022, of 18 April, amended by Decree-Law no. 72/2022, of 19 October and Decree-Law no. 11/2023, of 10 February, provides for exceptional measures to ensure the simplification of procedures for the production of electricity from renewable sources. Within this scope, gas suppliers whose final consumers' supply exceeds 2,000 GWh per year are obliged to incorporate not less than 1 per cent. of biomethane or hydrogen produced by electrolysis from water, using electricity from renewable energy sources, in the volume of natural gas supplied.

The Ministerial Order no. 15/2023, of 4 January, establishes the centralised purchasing system for biomethane and hydrogen produced by electrolysis from water, using electricity from renewable energy sources.

### **3. Market Regulators**

Responsibility for regulation of the Portuguese energy sector is shared between DGEG, ERSE and the Portuguese Competition Authority, according to their respective functions and responsibilities.

#### **DGEG**

DGEG has primary responsibility for the conception, promotion and evaluation of policies concerning energy and geological resources and has the stated aim of assisting the sustainable development and the security of energy supply in Portugal. Namely, DGEG is responsible for: assisting in defining, enacting, evaluating and implementing energy policies; promoting and preparing the legal and regulatory framework

underlying the development of the generation, transmission, distribution and consumption of electricity; supporting the Ministry of the Economy at an international and European level; supervising compliance with the legal and regulatory framework that underpins the Portuguese energy sector (particularly in connection with the electricity transmission network and the electricity distribution network); approving the issuance, modification and revocation of electricity generation licences; conducting the public tender procedure for the attribution of network interconnection points in the renewable energy sector; and issuing opinions concerning the energy sector.

DGEG is also responsible for proposing the Distribution Network Regulation and the Transmission Network Regulation of the Portuguese Electricity System. These regulations identify the assets of both networks and set out the conditions for their operation, notably regarding the control, management and maintenance of the network, technical conditions applicable to the installations connected to the network, support systems and reading and measurement systems. Both the Distribution Network Regulation and the Transmission Network Regulation were approved by Ministerial Order no. 596/2010, of 30 July.

## **ERSE**

ERSE was appointed as the independent regulator of electricity services in February 1997. ERSE is currently the regulatory authority for the electricity sector in the autonomous regions of Madeira and Azores, as well as the sectors of gas, LPG, oil-based fuels and biofuels, and electric mobility.

In 2012, Decree-Law no. 212/2012, of 25 September, revised ERSE's statutes with an emphasis on the reinforcement of the regulator's powers, namely those applicable to sanctions. Accordingly, Law no. 9/2013, of 28 January, established the sanctioning regime applicable to the electricity and natural gas sectors and formally granted ERSE powers to initiate legal proceedings and apply sanctions to the entities operating in these sectors.

According to ERSE statutes, ERSE is responsible for the establishment and for the approval of tariffs and regulated prices for electricity and natural gas. No later than 15 December of each year, ERSE publishes a document defining the allowed revenues of the regulated activities and the electricity tariffs for the following year. The procedure is identical for gas, but with nearly a 6-month lag, taking place no later than 1 June of each year.

Every three years, ERSE publishes a document containing the parameters for each new regulatory period.

The tariffs and prices for electricity and other services in 2023 were approved by ERSE Directive no. 3/2023, of 11 January, as amended by Directive no. 9/2023, of 3 April, and by Directive no. 14/2023, of 26 July.

The tariffs and prices for the gas sector in the year 2023-2024 (to be in force between 1 October 2023 and 30 September 2024) were approved by Directive no. 13/2023, of 25 July. The approval of the main regulations applicable to the Portuguese electricity and gas systems is also assigned to ERSE as set out below:

- the Electricity Tariff Regulation (Regulation no. 828/2023, of 28 July) and the Gas Tariff Regulation (Regulation no. 825/2023, of 28 July) established the methodology for determining the allowed revenues of the regulated companies and setting the regulated tariffs, including the criteria to settle the tariff structure.
- the Electricity and Gas Commercial Relations Regulation (Regulation no. 827/2023, of 28 July) set the provisions governing the commercial and contractual relationship between the agents operating in the electricity and gas sectors, including the commercial conditions under which the connection to the energy grid can be established and the rules to be observed in the process of switching suppliers.
- the Electricity and Gas Quality of Service Regulation (Regulation no. 826/2023, of 28 July) set the standards for the technical and commercial quality of service to be rendered in all services provided by the network operators and suppliers of the Portuguese electricity and gas systems.
- the Electricity Access to the Network and Interconnections Regulation (Regulation no. 818/2023, of 27 July) and the Gas Access to the Networks, Infrastructure and Interconnections Regulation (Regulation no. 407/2021, of 12 May) established the technical and commercial conditions under

which third parties may access the energy infrastructure, including the criteria for the network operators to refuse access.

- the Electricity Networks Operation Regulation (Regulation no. 816/2023, of 27 July) and the Gas Infrastructure Operation Code (Regulation no. 341/2021, of 14 April) laid down the procedures for managing the electricity/natural gas flows in the electricity transmission network/ natural gas transmission network, underground storage facilities and LNG terminals, while ensuring interoperability with the networks connected to these infrastructures.
- the regulation on the misappropriation of energy, approved by Regulation no. 814/2023, of 27 July, which establishes the provisions applicable to the regime of misappropriation of energy, including fraudulent practices, applicable to the activities of production, injection, storage, transmission, distribution, supply, aggregation, and consumption of electric energy, gas, including renewable gases, low-carbon gases, as well as piped LPG.
- the self-consumption regulation, approved by Regulation no. 815/2023, of 27 July.
- the regulation for the smart grid services for the distribution of electricity, approved by Regulation no. 817/2023, of 27 July.

### **Portuguese Competition Authority**

Portugal's competition act, Law no. 19/2012, of 8 May, has been in force since 8 July 2012 (as amended) and follows closely the wording of the fundamental antitrust provisions contained in the Treaty on the Functioning in the EU and of the EU Merger Control Regulation.

Competition rules in Portugal are enforced by an independent agency, AdC. To that end, AdC has sanctioning, supervisory and regulatory powers which include investigative prerogatives to perform inquiries of legal representatives of companies or associations of companies, request documents or information and conduct searches at business and non-business premises, including private domiciles.

AdC expects its investigation powers to be strengthened shortly as a result of the imminent entry into force of the legal provisions transposing Directive (EU) 2019/1 of the European Parliament and of the Council of 11 December 2018 to empower the competition authorities of the Member States to be more effective enforcers and to ensure the proper functioning of the internal market. On 17 August 2022, the transposing bill, Law no. 17/2022, of 17 August, was published in the Portuguese Official Journal, and the new legal provisions are due to enter into force on 17 September 2022.

Under this legal framework, AdC has notably gained the power to access any technological device, including smartphones, tablets, or cloud servers, to seize evidence in antitrust investigations, whereas thus far AdC has only inspected computers.

AdC may also impose fines on companies and individuals that do not comply with EU and Portuguese competition rules. Penalties can amount to 10 per cent. of a group's annual turnover or 10 per cent. of an individual's annual income in the previous year. It is expected that AdC will be willing to make use of its expanded investigative powers in years to come.



## SPAIN

### Electricity Sector: Regulatory Framework

#### 1. Overview

The main characteristics of the Spanish electricity sector are the existence of the wholesale Spanish generation market since 1998 (also referred to as the "**Spanish Pool**"), and the fact that all consumers have been free to choose their supplier since 1 January 2003. Additionally, since 2006, bilateral contracts and the forward market (long-term energy acquisition contracts) have made up a larger part of the market.

All generators provide electricity at market prices to the Spanish Pool and under bilateral contracts to consumers and other suppliers at agreed prices. Suppliers, including last resort suppliers, and consumers can buy electricity in this pool. Foreign companies may also buy and sell in the Spanish pool and in the forward markets.

The market operator and agency responsible for the market's economic management and bidding process is OMIE (see "*Regulatory framework—Iberian Peninsula—MIBEL Overview*"), while - Red Eléctrica de España, S.A. ("**REE**") is the operator and manager of the transmission grid and sole transmission agent. REE, as the transmission company, together with the regulated distributors, provide network access to all consumers. However, consumers must pay an access tariff or toll for the transmission and the distribution.

Comisión Nacional de los Mercados y la Competencia ("**CNMC**") is the national regulatory authority of the Spanish energy markets according to Law 3/2013.

Liberalised suppliers are free to set a price for their customers. The main direct activity costs of these entities are the wholesale market price and the regulated access tariffs and charges to be paid to the distribution companies. Electricity generators and suppliers or consumers may also engage in bilateral contracts without participating in the wholesale market.

As from 1 July 2009, last resort suppliers, appointed by the Spanish government, supply electricity at a regulated tariff set by the Spanish government to the last resort consumers (low-voltage electricity consumers whose contracted power is less than or equal to 10 kW). Since then, distributors have not been permitted to supply electricity. In January 2014, the last resort tariff was replaced by the "Voluntary Price for the Small Consumer" (*Precio Voluntario para el Pequeño Consumidor*) ("**PVPC**").

Royal Decree-Law no. 6/2010 created a new player responsible for developing the supply of energy to recharge electric vehicles. However, since the introduction of Royal Decree-Law 15/2018, customers meeting certain requirements are allowed to supply energy to recharge electric vehicles without licencing.

As part of the unbundling of the TSOs, Spanish distributors sold their remaining transmission assets to REE in 2011, completing the process required by Law no. 17/2007, which established REE as the sole transmission agent.

Through Royal Decree-Law no. 13/2012 and Royal Decree-Law 1/2019, Directive 2009/72/EC has been transposed to the Spanish regulation.

Royal Decree-Law no. 9/2013, of 12 July, included a set of regulatory modifications applicable to the Spanish electricity sector that affected the return ratio of energy assets between 2013 and 2019. These modifications were confirmed by the enactment of Law no. 24/2013 of the Electricity Sector, of 26 December, and were primarily aimed at eliminating the tariff deficit. The main modification directly implemented by Royal Decree-Law no. 9/2013 was that the return ratio pre-tax of regulated activities was indexed to the yield associated with Spanish ten-year sovereign bonds plus a spread. The spread mentioned above for distribution and transmission activities was established at 100 basis points for the second half of 2013 and has been set at 200 basis points between 2014 and 2019. The spread for renewable and combined heat and power ("**CHP**") generation has been set at 300 basis points since the enactment of Royal Decree-Law no. 9/2013.

Following the enactment of Law no. 24/2013, the Spanish government implemented a set of additional royal decrees that included modifications to regulations governing all activities relating to the provision of energy, including renewables, electricity distribution and transmission, as further detailed in the following sections.

Royal Decree-Law no. 7/2016 established that discounts in tariffs to vulnerable customers ("**Social Voucher**") would be supported by all supply companies. Royal Decree no. 897/2017 established requirements to become a vulnerable customer and the applicable discounts.

Royal Decree-Law no. 15/2018 banished charges and access tariffs to self-customers and allows the shared self-consumption (which is, in effect, a pooling system for consumers). However, some points of this decree are still not in force until further regulatory development.

Royal Decree-Law no. 17/2019 set the return ratio for renewable and CHP plants at 7.09 per cent. with effect from 1 January 2020. However, the power plant may maintain the previous return ratio (7.398 per cent. for power plants built before July 2013 and 7.503 per cent. for power stations built since July 2013) if the owner of the power plant gives up all lawsuits and arbitration processes against the remuneration scheme approved after Royal Decree no. 661/2007.

Royal Decree-Law no. 1/2019 gave CNMC the powers to set the return ratio for electricity transmission and distribution activities. Thereby, Circular 2/2019 of CNMC established that, with effect from 1 January 2020 onwards, the return ratio for these activities will be 5.58 per cent. according to a weighted average cost of capital ("**WACC**") methodology. For 2020, as an exceptional measure, a financial remuneration rate of 6.003 per cent. was applied.

### ***The National Strategy for the Energy Sector and the Climate Change and Energy Transition Law***

Following the publication of Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, the Spanish government elaborated a draft National Energy and Climate Plan ("**PNIEC**") in March 2019 as well as a draft Law for Climate Change and Ecological Transition where the Spanish objectives for 2030 were appointed. These documents were subject to a public hearing. According to the documents published on the web page of the Ministry for the Ecological Transition, energy consumption from renewable resources will have to be at least 35 per cent. by 2030 (more than 70 per cent. in the electricity sector), which implies at least 3.000 MW of new renewable capacity in the electricity sector every year. The final Spanish PNIEC was assessed positively by the EC and approved by the Spanish Council of Ministers on March 2021.

Since 2021, progress in the development of the PNIEC has focused on actions such as the approval of the "Energy Storage Strategy" (February 2021), the approval of the "Roadmap for Offshore Wind and Marine Energies" (December 2021), the approval of the "Biogas Roadmap" (March 2022) and the development of the "Just Transition Strategy" (which aims to promote regions where coal or nuclear power plants are being closed). In May 2021, the Climate Change and Energy Transition Law was published (Law 7/2021). This will be the regulatory framework which will underpin the Spanish government's future environmental regulations and is in line with the EU's climate strategy and the Paris Agreement.

The Spanish government's commitment to decarbonisation was reflected in the emission reduction targets in the diffuse sectors (mobility, thermal uses in buildings, waste or agriculture) which, with a cut of 39 per cent., is 13 per cent. above the target of 26 per cent. set by the EU. Similarly, whilst the EU targets renewable energy consumption between 38-40 per cent. and energy efficiency between 36-37 per cent. by 2030, the PNIEC and Law 7/2021 establish a 42 per cent. and 39.5 per cent. target for Spain, respectively. These objectives were increased to 48 per cent. and 44 per cent. respectively, in the draft update of the PNIEC 2023-2030 presented in June 2023.

### ***Electricity Sector Act***

The enactment of Law no. 54/1997 on the electricity sector gradually changed the Spanish electricity sector from a state-controlled system to a free-market system with elements of free competition and liberalisation. Law no. 54/1997 was intended to guarantee that the supply of electricity in Spain is provided at high quality and lowest possible cost. In order to achieve those targets, the Electricity Sector Act provides for:

- the unbundling of regulated (transmission, distribution, technical management of the system and economic management of the wholesale market) and liberalised activities (generation, trading, international transactions and energy supply for recharging electric vehicles);
- a wholesale generation market, or electricity pool;
- freedom of entry to the electricity sector for new operators carrying out liberalised activities;

- the ability of all consumers to select their electricity supplier and their method of supply as of 1 January 2003;
- the right of all operators and consumers to access the transmission and distribution grid by paying access tariffs approved by the Spanish government; and
- the protection of the environment.

Law no. 17/2007 amended Law no. 54/1997, bringing it into conformity with Directive 2009/72/EC, with the intention of reconciling the liberalisation of the electricity system with the twin national objectives of guaranteeing supply at the lowest possible price and minimising environmental damage. Royal Decree-Law no. 13/2012 built upon the achievement of that target by introducing Directive 2009/72/EC in the Spanish regulation.

In December 2013, a new electricity sector act (Law no. 24/2013) entered into force substituting Law no. 54/1997 (the "**Electricity Sector Act**"). This law is based on the reforms announced by the Ministry of Industry in July 2013 and maintains the main principles of Law no. 54/1997 but reinforces the objectives of economic and financial sustainability in the electricity sector, thus preventing a new tariff deficit. This law has been amended several times to adapt to new situations in the sector (for instance, self-consumption or social voucher).

### ***Regulatory developments in 2022 and 2023***

The following regulatory developments occurred in 2022 and 2023:

- in line with the measures adopted by Royal Decree-Law no. 17/2021, of 14 September, and Royal Decree-Law no. 23/2021, of 26 October, between the months of March and August 2022, the Spanish government published Royal Decree-Laws no. 6/2022, 10/2022, 11/2022 and 14/2022, which progressively extend the previously defined measures and adopted new to deal with the crisis situation resulting from the war in Ukraine, which included temporary mechanisms for adjusting the production costs of the wholesale market defined in Royal Decree-Law no. 10/2022. Other Royal Decrees-Law, such as no. 18/2022 or 20/2022, continued with the applicability of measures for the protection of consumers and to respond to the economic and social consequences of the war in Ukraine.
- Law 38/2022, of 27 December, for the establishment of temporary energy taxes and taxes on credit institutions and financial credit establishments and creating the temporary solidarity tax on large fortunes, and amending certain tax regulations, established the "temporary energy tax". The levy is a non-tax public benefit and will be levied in 2023 and 2024 on the main operators of electricity, natural gas, fuels and liquefied petroleum gases whose net turnover exceeds certain thresholds, as well as on companies with a certain turnover from the production of crude oil, natural gas, coal mining or oil refining activities. The levy will be equal to 1.2 per cent. of the net turnover derived from the aforementioned activities carried out in Spain in the years 2022 and 2023, respectively.
- Royal Decree-Law 3/2023, of 28 March, on the extension of the production cost adjustment mechanism for the reduction of the price of electricity in the wholesale market regulated in Royal Decree-Law 10/2022 extended the mechanism until 31 December 2023 (previously, 31 May 2023) and it modified the reference price for natural gas (ending with the same price that would have been reached if the extension had not been carried out).
- Royal Decree 446/2023, of 13 June, amending RD 216/2014, on the modification of the calculation procedure to mitigate the price volatility of the regulated tariff ("**PVPC**"). This will enter into force on 1 January 2024 and establishes the obligation to incorporate future market prices (monthly (10 per cent.) / quarterly (36 per cent.) / annual (54 per cent.)) in the formation of the PVPC, although these future price references will be progressively increased (25 per cent. in 2024, 40 per cent. in 2025 and 55 per cent. in 2026).
- Royal Decree-Law 5/2023 was published, adopting and extending certain measures in response to the economic and social consequences of the conflict between Russia and Ukraine and other situations of vulnerability, which introduced measures to promote electric vehicles, extended the

deadline (by six months) in the processing of renewables and introduced the regulatory principles of the energy communities.

## 2. The Electricity Value Chain

### A. Electricity Generation

Generation facilities have several methods of contracting for the sale of electricity and determining a price for the electricity:

- *Wholesale energy market or pool*: This pool was created on 1 January 1998 and includes a variety of transactions that result from the participation of market agents (including generators, suppliers and direct consumers and, until 30 June 2009, distributors) in daily and intra-day market sessions.
- *Bilateral contracts*: Bilateral contracts are private contracts between market agents, where terms and conditions are freely negotiated and agreed. Information about these contracts must be given to the energy market in order to ensure transparency within the electricity industry.
- *Auctions for purchase options or primary emissions of energy*: Principal market participants could be required by law to offer purchase options for a pre-established amount of their power. Some of the remaining market participants are entitled to purchase such options during a specified period. However, these options are currently not regulated in Spain.

These sales can be subject to Regulation (EU) No. 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency ("**REMIT**"). REMIT imposes certain obligations on market participants, mainly transparency and information obligations. It is compulsory for members of the EU.

Power plants also participate in ancillary services markets managed by the system operator, REE. Participation is mandatory for some of these services and for certain kind of power plants.

Until December 2013, power plants that used renewable, waste and CHP energy sources were regulated under a "special regime", but the distinction between an ordinary and a special regime ceased to apply after the enactment of Law no. 24/2013.

Order no. ITC 2794/2007 established a new regime of fixed payments applicable to generators operating in the ordinary regime. This regime established an investment incentive, for a period of ten years, set at an initial amount of €20,000 per MW installed, later increased to €26,000 per MW installed by Order ITC/3127/2011 and lowered to €10,000 per MW installed by Royal Decree-Law no. 9/2013.

Law no. 15/2012 imposed a set of taxes on generators in order to cover the costs of the electricity system: (i) a 7 per cent. generation tax on income from electricity output; (ii) a 22 per cent. charge on the use of inland water for electricity generation (increased to 25.5 per cent. by means of Royal Decree-Law 10/2017, of 9 June); (iii) a tax on the production of nuclear waste and a tax on storage of this waste; (iv) a tax on natural gas of €0.65/GJ applying to all natural gas consumers (derogated by means of Royal Decree-Law 15/2018 since October 2018); (v) a tax on coal of €0.65/GJ applicable to generators; and (vi) a tax on fuel oil of €12.00/tonne and tax on gas oil of €29.15/litre applicable to generators. Royal Decree-Law 15/2018 also temporarily suspended the application of the 7 per cent. tax on income from electricity output during the fourth quarter of 2018 and first quarter of 2019. Royal Decree Law 12/2021 suspended 7 per cent. of the tax on the value of electric power production for the third quarter of 2021.

Law no. 24/2013 also foresees the temporary closure of generation facilities, which would be subject to a prior administrative authorisation scheme.

Royal Decree-Law 15/2018 of October 2018 modified Law 24/2013 creating a new framework for promoting self-consumption. Since then, access tariffs or charges for self-generated energy (the informally called "sun tax" that was created by Royal Decree no. 900/2015) were banished and self-customers only have to pay access tariffs if they use the distribution network. Royal Decree 244/2019 of April 2019 established the new administrative, technical and economic regime for self-consumption allowing shared self-consumption, the use of the distribution network for exchanging self-generated energy in the proximity

of the self-customers and also a simplified remuneration mechanism where self-customers can opt to get a discount in their energy invoices if they deliver their excess generation to their supplier ("**net billing**").

In November 2019, CNMC passed Circular 3/2019 regulating the wholesale markets, balancing and non-frequency services of the electricity system, according to the new responsibilities given by Royal Decree-Law 1/2019 and several European regulations (Commission Regulation (EU) 2015/1222 establishing a guideline on capacity allocation and congestion management, Regulation (EU) 2016/1719 establishing a guideline on forward capacity allocation, Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation, Regulation (EU) 2017/2195 establishing a guideline on electricity balancing and Regulation (EU) 2017/2196 establishing a network code on electricity emergency and restoration).

In April 2021, a Ministerial Order Proposal for the development of a capacity market in Spain was published. Its aim is to develop a mechanism to support the firm capacity of, primarily, the CCGT and storage systems, to avoid coverage problems. It is configured as a centralised mechanism based on "pay as bid" auctions for two types of products: (i) one-year firm capacity for existing technologies; and (ii) five-year firm capacity for new technologies. The proposal will require the approval of the EC.

In June 2021, the Spanish government published a preliminary draft of its CO<sub>2</sub> reduction law. This law establishes a rate for non-emitting carbon technologies with "chemical oxygen demand" prior to 2003 based on the price of CO<sub>2</sub>.

As a result of the increase in prices in the Iberian Peninsula in the second half of 2021, the Spanish government suspended the 7 per cent. generation taxes for the second half of 2021 and for 2022. As a result, the Portuguese government has also suspended clawback payments from 1 July 2021 up until 31 December 2021. This was extended initially to 31 March 2022, then to 30 June 2022 and was further extended to 31 December 2022.

In the first half of 2022, in a context of economic uncertainty and energy crisis, to contain energy price increases, Spain and Portugal introduced a cap on the value considered for gas, as an electricity production factor. The initial effective dates for this measure were 15 June 2022 to 31 May 2023. This has been extended to 31 December 2023.

#### *Specific remuneration regime for renewables, CHP and waste generation*

Prior to July 2013, the electricity system was required to acquire the electricity offered by special regime generators at tariffs that were fixed by a royal decree or order and that varied depending on the type of generation. These tariffs were generally higher than the average Spanish electricity market prices. Application of the Spanish special regime was discretionary for companies that owned eligible facilities. Generally, eligible facilities were those with an installed capacity of 50 MW or less that used cogeneration, CHP, waste or any renewable energy source as their primary energy.

Royal Decree no. 661/2007 provided the previous regulation of the Spanish special regime. This decree was framed within the commitment of the Spanish government to encourage investments in renewable energy in Spain.

Under this decree, Spanish special regime power facilities could select between a fixed tariff or to participate in the market. If the generator sold electricity in the market, it received the market price plus a premium, subject to a cap and floor on final prices.

However, since January 2012, the special regime has suffered several adjustments as part of the measures taken by the Spanish government to ensure the financial sustainability of the electricity system:

- (i) In January 2012, Royal Decree-Law no. 1/2012 suspended feed-in tariffs and premiums for new projects.
- (ii) In December 2012, Act no. 15/2012 introduced a tax on energy generation (7 per cent. of incomes).
- (iii) In February 2013, Royal Decree-Law no. 2/2013 encompassed a set of regulatory modifications mainly the elimination of the premium, cap and floor schemes.
- (iv) In July 2013, Royal Decree-Law no. 9/2013 changed the remuneration scheme of the special regime and repealed Royal Decree no. 661/2007.

- (v) The new scheme was confirmed by Law no. 24/2013, of December 2013, replacing the "special regime" with the "specific remuneration regime".

As a consequence of the enactment of Royal Decree-Law no. 9/2013, in July 2013, during the first regulatory period, which applies from July 2013 to December 2019, the return ratio pre-tax during the remaining useful life of the assets under the special regime must be equal to the yield associated with Spanish ten-year sovereign bonds plus a spread of 300 basis points. The new return ratio pre-tax has been set at 7.4 per cent. during the regulatory life of the power plant (20 years in the case of existing wind generation, 25 years in the case of CHP generation and generation from waste, and 30 years in the case of PV generation).

As a result of the enactment of Law no. 24/2013, in December 2013, the special regime for renewables, CHP and waste generation was replaced by a specific remuneration regime which applies to the facilities that were regulated under the special regime prior to July 2013. As of July 2013, any new facilities that would have been eligible facilities under the special regime receive the same treatment as facilities that belong to the ordinary regime, the only difference being the regulated supplements that are received from the specific remuneration regime.

The specific remuneration additional to market revenues consists of: (i) a capacity supplement in €/MW to cover investments not recovered in the market; and (ii) an operation supplement in €/MWh when operating costs cannot be recovered in the market (applicable for CHP generation, generation from waste, and PV generation). This specific remuneration is calculated by taking into account standard installations throughout the regulatory life of the power plant, and assuming an efficient and well-managed company. The granting of this specific remuneration scheme for new facilities will be determined on a competitive basis through auctions. The result of the auctions will determine the value of the supplement in €/MW applicable.

Royal Decree no. 413/2014, published in June 2014, established the detailed regulation applicable to the specific remuneration regime. Remuneration values for the first half of the six-year regulatory period for power plants under the special regime prior to July 2013 were set out in Ministerial Order no. 1045/2014. Order ETU/130/2017, published in February 2017, set the remuneration parameters of the second regulatory semi-period 2017-2019. Order TED 171/2020 published in February 2020 did it for period 2020 to 2022.

The amount of the capacity supplement for existing wind farms varies depending on the year the power plant went into operation and will be paid for 20 years after the power plant was commissioned. Interim revisions are conducted every three years to correct deviations from the expected pool price. Farms with a commissioning date earlier than 2004 were not given any capacity supplement. EDP Renováveis installed capacity in Spain, according to the start-up date, was 9 per cent. up to 2003, 39 per cent. installed between 2004 and 2007 and 52 per cent. from 2008 onwards.

In October 2015, the Spanish government called the first auctions of 200 MW of biomass and 500 MW of wind farms with this new system through Royal Decree 947/2015.

On 12 April 2017, the Spanish government authorised auctions of up to 3 GW of specific remuneration for renewable facilities in mainland Spain in accordance with Royal Decree 359/2017. In accordance with this Decree, an auction was held on 17 May 2017 which awarded 3 GW (almost all of which related to wind capacity). On 25 May 2017, the Spanish government announced that a new auction of 3 GW would take place, with substantially similar rules as the previous auction. This auction was held on 25 July 2017 and awarded a total of 5 GW of renewable capacity (4 GW of solar and 1 GW of wind capacity). No new auctions have since been made.

In December 2018, the Ministry for Ecological Transition published a draft Law for establishing the new return ratios for regulated activities in Spain for the new regulatory period 2020-2025. According to a previous report made by CNMC, the Ministry proposed a new ratio pre-tax of 7.09 per cent. for renewable and CHP power plants with the possibility of keeping the ratio of 7.4 per cent. if the owner of the power plant gives up all lawsuits and arbitration processes against the remuneration scheme approved after Royal Decree no. 661/2007. This law was approved urgently in November 2019 as Royal Decree-Law 17/2019.

In March 2019, the Ministry for Ecological Transition published a draft law for Climate Change and Ecological Transition for public hearing where they stated the Spanish government's intention of

establishing a new auction system and the remuneration regime for new auctions of renewables in order to allow a fixed price of the energy produced by the power plant during its lifetime. In order to accelerate the entry into force of this new system, the Spanish government approved in June 2020 Royal Decree-Law 23/2020 to implement it as soon as possible. Following this Decree, the Ministry for the Ecological Transition launched a public consultation about the detailed regulation of this new remuneration mechanism that will be awarded by auctions of renewable energy, renewable power or both. The decree will allow the Ministry to make different auctions for each technology, geographical location or other criteria. The Ministry announced that they are working to launch the first auction under this new system during 2020. The rules of this new remuneration mechanism were approved in October and December 2020 through Royal Decree 960/2020 and Ministerial Order TED 1161/2020.

This last ministerial order also includes a preliminary schedule of the auctions for the period 2020 to 2025.

	MW (accumulated from 2020 on)					
	2020	2021	2022	2023	2024	2025
Wind .....	1.000	2.500	4.000	5.500	7.000	8.500
PV .....	1.000	2.800	4.600	6.400	8.200	10.000
Thermosolar .....		200	200	400	400	600
Biomass .....		140	140	260	260	380
Others (biogas, hydro, ...)		20	20	40	40	60

Royal Decree-Law 23/2020 introduced several administrative milestones that have to be fulfilled by the owners of the access permits granted since 2013 otherwise they might lose the permits. Additionally, this Royal Decree-Law established a moratorium that prevents promoters from asking for new access permits until a new regulation for awarding access permits was approved by the Spanish government and CNMC. In July 2021, the moratorium was lifted after CNMC established the new methodology and conditions of access.

The authorisation of renewable, CHP and waste plants with a capacity of up to 50 MW falls within the authority of regional governments due to their small size. However, as a result of Royal Decree-Law no. 6/2009, since 2009 all facilities have had to be entered in a register managed by the Ministry of Industry in order to benefit from the premiums and tariffs of the Spanish special regime (Royal Decree 661/2007), and since 2013 the specific remuneration scheme created by Royal Decree-Law no. 9/2013.

The first renewable energy auction held under the new regulatory framework of Royal Decree 960/2020 and Order TED/1161/2020 took place on 26 January 2021. Approximately 3,000 MW were auctioned, of which 1,000 MW were reserved for wind technology and another 1,000 MW for PV. The second renewable energy auction took place through the same order on 22 October 2021. The Ministry for the Ecological Transition and Demographic Challenge initiated a public hearing process in relation to the third auction.

## B. Electricity tariffs, supply and distribution

Since January 2003, all consumers have become qualified consumers. All of them may choose to acquire electricity under any form of free trading through contracts with suppliers, by going directly to the organised market or through bilateral contracts with producers. Royal Decree-Law 15/2018 also foresees other ways of acquiring electricity directly from producers but further regulatory development is required.

### *Last resort supplier*

With the adoption of the Last Resort Supply (Suministro de Último Recurso) on 1 July 2009 (Law no. 17/2007 that amended Law no. 54/1997 on the electricity sector in order to adapt it to the Electricity Directive), the regulated tariff system was replaced by a last resort tariff system. Last resort tariffs (now the PVPs) are set by a methodology approved by the Spanish government on an additive basis and can only be applied to low-voltage electricity consumers whose contracted power is less than or equal to 10 kW. According to Royal Decree no. 216/2014, the last resort tariff is calculated by taking into account the sum of the following components: (i) costs of the electricity generation (which is indexed to the Spanish hourly pool price); (ii) access tariffs; and (iii) regulated costs of supply management.

Last resort consumers can choose between being supplied at last resort tariffs or being supplied in the liberalised market.

The regulated cost of supply management methodology was approved by Royal Decree 469/2016. Ministerial Order ETU/1948/2016 established the cost of supply during 2017 and 2018. Due to several

Supreme Court decisions, and according to the referred Ministerial Order, the regulated cost of supply in the last resort market between 2014 and 2016 had to be re-invoiced to customers during 2017 and 2018. The cost of supply for 2019 onwards is still not regulated by the Ministry for Ecological Transition so the Ministerial Order TEC/1366/2018 established that the values for 2018 will remain until further instructions.

#### *Remuneration to distribution activities*

Electricity transmission and distribution activities are regulated given that their characteristics impose severe limitations on the possibility of introducing competition.

##### (i) *Regulatory framework 2008-2013*

The regulatory framework established in 2008 changed the manner in which electricity businesses receive payments in order to promote efficiency and quality of service. The regulations introduced since 2008 have focused on investment and operational costs related to transmission activities. Fixed remuneration for distribution is based on investment and operational and maintenance costs.

Until July 2013, remuneration to distribution activities was determined by Royal Decree no. 222/2008 and later by Royal Decree-Law no. 13/2012, which had already established that capital costs would only be paid for net assets and postponed the beginning of the remuneration until the second year after new assets have been brought into operation. The settlement system among distributors is detailed in Royal Decree 2017/1997.

##### (ii) *Regulatory framework 2013-2019*

Between 2013 and 2019, the economic regime for distributors was contained in Royal Decree-Law no. 9/2013, Law no. 24/2013, and Royal Decree no. 1048/2013 and Ministerial Order IET 2660/2015, and the settlement system among distributors is still contained in Royal Decree no. 2017/1997.

In July 2013, there was a change in the methodology used to remunerate distribution and transmission activities. The main change introduced was setting the return ratio of energy assets based on the yield associated with Spanish ten-year sovereign bonds plus a spread, set at 100 basis points for the second half of 2013 and 200 basis points from 2014 until at least the end of 2019. Royal Decree no. 1048/2013, approved in December 2013, established the general remuneration framework which was mainly based on the RAB. This RAB is determined by taking into consideration audited physical units affected by efficiency factors. After approval of Royal Decree no. 1073/2015, Ministerial Order IET 2660 and Ministerial Order no. IET 980/2016, the new remuneration model has come into effect, producing a substantial improvement in EDP's remuneration through its subsidiary Hidrocantábrico Distribución. In the meantime, Royal Decree-Law no. 9/2013 established a transitory phase of the remuneration scheme between 2013 and 2015.

Ministerial Order no. IET 980/2016 approved remuneration for 2016 under the new regime. No new ministerial orders have been published yet with the remuneration of the following years due to the subsequent facts. Until the Ministerial Orders are approved, the values of Ministerial Order IET 980/2016 were used to determine the settlements of the last years.

The Supreme Court's decision of 25 October 2017 ordered the Ministry to increase the RAB calculated in Ministerial Order no. 980/2016 to compensate all distributors for an incorrect valuation of assets transferred from customers. In June 2019, Order TEC/490/2019 established a new methodology for implementing the Supreme Court's decision and, in February 2021, Order TED/203/2021 established the parameters of the remuneration for 2016. However, this order only captured distribution companies that had received a final judgment estimate, which neither Hidrocantábrico Distribución Eléctrica nor Viesgo (or its subsidiary Viesgo Distribución and Begasa) has.

In April 2018, the Spanish government declared that the remuneration established in the Ministerial Order IET 980/2016 was prejudicial for customers. The Ministry of Energy considered that the parameter remaining useful life of the assets, which formula it is contained in Annex VI of Ministerial Order IET 2660/2015 was wrongly estimated, in favour of some distributors (including Hidrocantábrico Distribución) and harming the interest of electricity customers ("*lesividad*"). According to the Ministry, the gross value of assets which is in the denominator of the formula of



remaining life, should have included all the assets instead of deducting the fully depreciated elements. This declaration of "lesividad" allowed the Ministry of Energy to appeal this Order before the Supreme Court.

In May 2020 the Supreme Court sentenced that the Ministerial Order IET 980/2016 was unlawful so remaining useful life of every distributor with more than 100,000 supply points (among them Hidrocanabrico Distribucion and Viesgo Distribución) became inapplicable, as well as the other parameters deriving from it – i.e. the RAB and the remuneration. According to the sentence, the Ministerial Order should not have deducted all the fully depreciated elements in the gross value of assets in the formula of the remaining useful life, but it could have deducted the elements out of service. This consideration may smoothen the impact of the recalculation of the RABs. The Ministry can now update the remaining life through a new Ministerial Order, and thus the RAB and the remuneration since 2016, taking into account what the Supreme Court stated.

In November 2020, CNMC published a report determining the remaining useful life of the affected distributors with two alternatives: deducting elements out of service and not deducting elements out of service. This report was important in the case of Hidrocanábrico, since the yearly remuneration of this company will be reduced by €4 million, if elements out of service are deducted (from the determination of the useful life of affected distributors), or by €13 million, if not.

In June 2022, Order 490/2022, of May 31, was published, executing the judgment of the Supreme Court in relation to the declaration of harm to the public interest of Order IET/980/2016, of 10 June, thus establishing a new remuneration for the distribution companies of the group in 2016.

Given the published Order does not comply with the requirements of the Supreme Court Ruling , EDP is currently evaluating the possibility of proceeding with the submission of an Administration's procedure for judicial review to recalculate the parameters taken into account to set the new remuneration of the distributor companies for 2016 period.

In addition, in August, the Order TED/749/2022, was published, where the Ministry approved the incentive or penalty for the reduction of losses in the electricity distribution network for the year 2016, modified the base remuneration for the year 2016 for several companies' distributors (none of the EDP Group), and approved the remuneration of electricity distribution companies for the years 2017, 2018 and 2019.

(iii) *Regulatory framework 2020-2025*

Royal Decree-Law no. 1/2019 defined that starting from the new regulatory period 2020-2025 CNMC is responsible for approving the methodology and values for remunerating distribution and transmission as well as the new return ratio. A CNMC report of October 2018 estimated that the new return ratio for the new regulatory period should be 5.58 per cent. according to a WACC methodology. In July 2019, CNMC launched a draft circular (a piece of legislation to be approved by CNMC board) establishing the regulated return ratios for distribution and transmission of both electricity and gas system in their respective new regulatory periods. For electricity distribution, CNMC maintained the proposed value of 5.58 per cent. The draft circular was under public consultation until 9 August and it was approved in November 2019 as Circular 2/2019. By means of a law, the Spanish state can as well put an upper limit to the ratio fixed by CNMC if the law is approved before starting the new regulatory period.

In July 2019, CNMC launched several draft regulations where it established the methodology of remunerating distribution and transmission of electricity in period 2020-2025. The new methodology for electricity distribution was finally approved by means of Circular 6/2019. The new methodology will maintain the recognised RAB and OPEX in 2020 (and may take into account the effect on RAB of the Sentence of the Supreme Court regarding the "lesividad" process), but it will introduce several adjustments in the way of calculating OPEX of the following years (for instance by means of an efficiency factor or eliminating the "delay" factor that recognised financial costs in the OPEX). According to the CNMC report accompanying the draft regulation, the average impact in sector's remuneration during the regulatory period would be up to -7 per cent. However, EDP's subsidiary may be less impacted than its peers due to an improvement of quantities destined to incentives of quality and losses. The values of remuneration of 2021 for each company may be approved after a public hearing once the "lesividad" process is finished.

### *Recent regulatory developments in electricity distribution*

The following regulatory developments occurred in 2023:

- Resolution of January 19, 2023, of the CNMC, which provisionally establishes the remuneration of electricity distribution companies for the year 2023 and Resolution of January 19, 2023, of the CNMC, which provisionally establishes the remuneration of companies owning electricity transmission facilities for the year 2023 were published.
- Royal Decree 314/2023, of April 25, which develops the procedure and requirements for the granting of administrative authorisation for private electricity distribution networks, established the procedure and requirements to be met for the granting of administrative authorisation to a closed electricity distribution network, and the circumstances for the revocation of such authorisation.

### *Access tariffs, charges and regulated prices*

In accordance with the provisions of Law no. 24/2013, regulated energy costs are paid from access tariffs and prices applicable to consumers and from specific items from the National Budget (Law no. 15/2012). Regulated incomes must be sufficient to cover all regulated costs, including transmission and distribution costs, specific remuneration schemes costs, and other costs. The electricity system costs have to be funded through access tariffs, charges and other regulated prices. Access tariffs and regulated prices are uniform throughout Spain, although regional extra costs, if approved, may be added to the tariffs.

Until 2019 all the regulated prices were established by Ministerial Order of the Minister of Energy. However, from April 2021 onwards, the portion of access tariffs that is designated to cover transmission and distribution costs should be fixed by the national regulatory authority CNMC in order to fulfil Directive 2009/72/EC transposed through Royal Decree Law 1/2019. To achieve this task, CNMC elaborated a methodology to determine the access tariffs approved in January 2020 by means of Circular 3/2020. For its part, the Ministry of Energy published in the Royal Decree 148/2021 the charges methodology after launching a public consultation in June 2020 about this issue.

Currently, access tariffs are published in the Resolution of December 16, 2021, of the CNMC, which establishes the values of the access tariffs for the electricity transmission and distribution networks application as from January 1, 2022 while the charges applicable as from January 1, 2022 were published in Order TED/1484/2021, of December 28.

Regarding generators, between 2011 and 2020, all facilities were obliged to pay access tariffs for the energy they inject in the distribution and transmission grid (Royal Decree-Law no. 14/2010). However, the new Circular 3/2020 of CNMC waived this obligation for generators and batteries as of 24 January 2020.

On 1 July 2009, the regulated system of electricity tariffs was extinguished. Since then, distributors have ceased to supply electricity, and function only as network operators. Accordingly, from that date, all consumers have been in the liberalised market. However, Royal Decree no. 216/2014, provides that the low voltage final consumers who use 10 kW or less are eligible for the tariff of last resort, which applies a regulated price to that supply. This tariff will be applied by the designated suppliers of last resort (called *comercializadores de referencia*), among which was EDP's former subsidiary, BASER Comercializadora de Referencia, S.A. As of 1 December 2020, EDP does not carry out any last resort supply activity.

### *Supply authorisations*

Following the approval of Law 25/2009, prior to commencing the supply of electricity, suppliers are obliged to provide a statement to the Ministry of Energy or to the respective regional authority where they wish to engage in the supply, which includes a confirmation of: (i) the dates for beginning and ending their supply activity; (ii) proof of their capacity for the development of the supply; and (iii) the guarantees required. CNMC is entitled to publish on its website an up-to-date list of electricity suppliers that have communicated the commencement of their supply.

Last resort suppliers may acquire electricity in the spot or forward markets to meet last resort demand. In Spain, following the enactment of Royal Decree-Law no. 17/2013, last resort suppliers are no longer permitted to hold energy auctions to purchase electricity.

Due to the disappearance of the Supplier Switching Office (*Oficina de Cambio de Suministrador*, "OCSUM"), the CNMC supervises the process for consumers changing their electricity supplier under principles of transparency, objectivity and independence. CNMC also maintains a price comparison tool for household suppliers.

#### *Energy efficiency obligations*

Law no. 18/2014 implemented Directive 2012/27/EU of Energy Efficiency, establishing mandatory contributions from suppliers of gas, electricity and petroleum products to a National Energy Efficiency Fund in order to support efficiency measures to comply with that Directive. Every year a Ministerial Order is published with the mandatory contributions to this fund, which includes subsidiaries of EDP. The ministerial order of 2021 is Order TED/275/2021, and the ministerial order of 2022 is Order TED/220/2022.

#### *Tariff Deficit in electricity sector*

Regulatory developments in the electricity sector in Spain during 2012 and 2013 were aimed at eliminating the tariff deficit in order to ensure the sustainability of the system. These measures have contributed to the following positive developments: (i) the definitive settlements of 2014 to 2017 produced a surplus of more than €1,600 million; (ii) in 2015, the Spanish government approved two reductions of the regulated prices of capacity paid by consumers through Royal Decree-Law no. 9/2015 and Ministerial Order no. 2735/2015 in August 2015 and December 2015, respectively; and (iii) in October 2018, the government approved the elimination of a green tax on natural gas power plants of €0.65/GJ since an increase of revenues coming from CO<sub>2</sub> allowances auctions had been produced.

However, according to a CNMC report of February 2021, the past debts of tariff deficit amounted to €14,294 million as of 31 December 2020 (more than €2,300 million less than in 2019), none of which is currently being financed by electric companies. Deficits prior to 2014 were securitised as described below.

Law no. 24/2013 provides that access tariffs, regulated prices and other regulated income must be sufficient to recover the full costs of the regulated activities without any deficit. Although some deficit was permitted until 2013 (as provided by Royal Decree-Law no. 6/2009 and Royal Decree-Law no. 14/2010), Law no. 24/2013 limits tariff deficits incurred as of 2014 to a 2 per cent. yearly cap.

The deficit produced up to 2012 was fully transferred from the electricity companies to a Securitisation Fund called Depreciation Fund of Electric Tariff Deficit ("FADE"), which is guaranteed by the Spanish State Budget. Financing costs of FADE are included in the regulated costs to be recovered through access tariffs.

In 2012 and 2013 the Spanish government took important steps in order to address the key aspects of the problem of the tariff deficit:

- (i) Royal Decree-Law no. 1/2012 suspended temporarily all new renewable premiums.
- (ii) Royal Decree-Laws no. 13/2012 and 20/2012 reduced system costs in 2012 up to €1,000 million (in transmission and distribution activities, in capacity payments to generators, in coal subsidies, in system operation and payments to interruptible customers) while increasing system revenues in €700 million from some budget surpluses. Some of these measures were only in force during 2012.
- (iii) Access tariffs were updated as from April 2012 to all customers resulting in a revenue increase for the system of €1,600 million.
- (iv) Due to the inadequacy of previous measures for containing the tariff deficit, the Spanish government approved Law no. 15/2012 in December 2012, which imposed new taxes on generators and natural gas customers in order to cover the costs of the electricity system. Additionally, the Spanish government has allocated and will continue to allocate up to €450 million per year of the revenues from the sale of emission allowances to the tariff (temporarily in 2018 this amount was up to €750 million). The implementation of the above measures increased system revenues by €3,300 million annually although some of those measures have been modified in 2018 by means of Royal Decree-Law 15/2018.
- (v) Royal Decree-Law no. 2/2013 described above.

- (vi) Royal Decree-Law no. 9/2013 with an estimated yearly impact of €4,500 million, borne by customers (€900 million), National Budget (€900 million) and companies (€2,700 million).

The deficit produced in 2013 (€3,200 million) was transiently financed by electricity companies until December 2014 when it was securitised through the mechanism approved by Royal Decree no. 1054/2014.

Several Supreme Court decisions ordered the Spanish government to give back the Social Voucher funded by companies between 2014 and 2016 (€500 million). State budget laws of 2017 and 2018 authorised the cost of court decisions to be charged to the tariff surpluses obtained since 2014. However, this refund is under review as in April 2019 the Plenary of the Constitutional Court decided to estimate the appeal brought by the General State Administration against decisions of the Supreme Court because of procedural issues. The Supreme Court therefore had to restart the procedures against the Social Voucher for 2014-2016.

#### *Last Resort Tariff to vulnerable customers*

Royal Decree-Law no. 6/2009 has created the "Social Voucher" for some consumers benefiting from the tariff of last resort (the "**TUR**"). The TUR complies with the social, consumer and economic conditions as determined by the Ministry of Energy. Currently, as provided by Royal Decree no. 216/2014, this tariff for vulnerable customers consists of a discount on the regulated tariff PVPC.

Until 2016, discounts applied to vulnerable customers were funded by all vertically integrated companies according to the rules established in Law no. 24/2013 and Royal Decree no. 968/2014. However, in August 2016 several Supreme Court rulings abolished this funding mechanism. Royal Decree-law no. 7/2016, of December 2016, approved a new framework of protection for vulnerable customers and a new funding mechanism consisting of all supply companies financing the cost of the discounts proportionally to the number of their customers. From then on, EDP had contributed approximately 3.7 per cent. of the national cost of the Social Voucher. However, as of 1 December 2020, EDP's contributions will be reduced due to selling the small customers' retail business.

From 1 July 2009, individual consumers with a contracted capacity of less than 3 kW in their residence, consumers over 60 years old with minimum pensions, large families and families of which all the members are unemployed were entitled to the Social Voucher.

From October 2017, Royal Decree no. 897/2017 established the requirements to become vulnerable and thus eligible for the Social Voucher: customers in their residence being; (i) large families; (ii) families with all members with minimum pensions; or (iii) families with incomes less than certain thresholds established in Ministerial Order no. 943/2017. The discounts include a 25 per cent. discount for vulnerable customers, a 40 per cent. discount for severe vulnerable customers and a 100 per cent. discount for customers at risk of social exclusion. In the latter case, local social services should contribute at least 50 per cent. of the cost. The Social Voucher is awarded for a two-year period, after which it must be renewed by the customer in order to check again if the eligibility criteria are still fulfilled.

Customers benefitting from the "old" social voucher that do not apply for renewal or do not fit into the new criteria lost the discount from October 2018 onwards.

Additionally, since the implementation of Royal Decree-Law 15/2018, the funding mechanism of the Social Voucher will also cover the non-payments of certain types of customers benefiting from the Social Voucher in order to protect them from disconnection.

### **3. Authorisations and Administrative Procedures to Generators**

All power plants require certain permits and licences from public authorities at local, regional and national levels before starting construction and operation.

Administrative registration, permits and licences are generally required for the construction, enlargement, modification and operation of power plants and ancillary installations. In addition, power plants using RES or CHP must be registered on the specific remuneration register managed by the Ministry for the Ecological Transition and the Demographic Challenge before the power plant is entitled to benefit from the specific remuneration regime. New power plants in mainland Spain will only be included in the specific remuneration register through a competitive process of capacity auctions.

Facilities must also obtain an authorisation in order to connect to the relevant transmission and distribution networks. If interconnection authorisation is not granted, administrative authorisation cannot be granted.

However, interconnection authorisation can only be denied due to lack of current or future network capacity.

Royal Decree no. 1699/2011, regulating the connection of small power plants to distribution networks, aims to streamline administrative procedures to speed up the connection of small power plants (renewable energy power plants below 100 kW and CHP installations below 1 MW) to the electricity grid.

Royal Decree no. 244/2018 and Royal Decree-Law 15/2018 specify the administrative procedures that apply to self-consumption facilities.

Following the approval of Royal Decree-Law 23/2020 in June 2020, it is possible to use an existing access permit to hybridise the existing power plant with another technology or with storage without the need of asking for a new permission. This Royal Decree also establishes a moratorium for new access permits for new generation capacity until the Spanish government approves new rules for granting access capacity. However, new self-consumption facilities connected to the electricity distribution grid are exempted from this moratorium. Royal Decree 1183/2020 in December 2020, establishes the criteria and procedures for applying for and obtaining permission to access and connect to the network.

In January 2021, Circular 1/2021 was published by CNMC which established the methodology and conditions of access and connection to the transmission and distribution networks of the electrical energy production facilities. The moratorium was therefore lifted on 1 July 2021 in accordance with the regulatory deadlines.

## Natural Gas Sector: Regulatory Framework

### 1. Overview

The general basis, principles and model of organisation of the gas sector in Spain were established through the Hydrocarbons Act no. 34/1998, of 7 October 1998 (the "**Hydrocarbons Act**"), Royal Decree no. 949/2001, of 3 August, and Royal Decree no. 1434/2002, of 27 December.

The approval of Act no. 12/2007, of 2 July, which modifies the Hydrocarbons Act, in order to adapt it to EU Directive 2003/55/EC of the European Parliament and of the Council, of 26 June, has continued the process of deregulation that was started in the sector in 1998, and Royal Decree-Law no. 13/2012 has completed this process by introducing Directive 2009/73/EC in the Spanish regulation. The regulated supply system ended on 1 July 2008 and was substituted by a last resort supply system. According to Law no. 12/2007, the scope of consumers that can be supplied under the last resort tariff systems has been reduced to only domestic and low consumption users. However, these clients will have the option to choose between being supplied under the last resort system (by last resort suppliers appointed by the Spanish government) or in the liberalised market (at the prices freely agreed with suppliers).

The gas system costs have to be funded through access tariffs, charges and other regulated prices. Up to 2019, all the regulated prices were established by Ministerial Order of the Minister of Energy. However, from October 2020 onwards the portion of access tariffs that is designated to cover regasification, transmission and distribution costs will have to be fixed by the national regulatory authority, CNMC, in order to fulfil Directive 2009/73/EC transposed through Royal Decree Law 1/2019. CNMC elaborated a methodology to determine the access tariffs that was approved by means of Circular 6/2020. CNMC is also responsible for determining the remuneration of regasification, transmission and distribution costs. To achieve this task, CNMC has elaborated a methodology to determine the remuneration for gas transmission and gas distribution activities approved respectively by means of Circular 9/2019 and Circular 4/2020.

The methodology for establishing the charges to cover for other costs of the system was approved in December 2020 by Royal Decree 1184/2020. In February 2021, the CNMC published the resolution setting out the remuneration for 2021 gas-year (covering the period 1 January to 30 September) for companies performing regulated activities of LNG, transportation and distribution plants. On 27 May 2021, the CNMC published the access tariffs for transport networks, local networks and regasification for the 2022 gas-year.

Following the same criteria established for the electricity sector, the Spanish government has amended the Hydrocarbons Act, through Royal Decree-Law no. 8/2014, of 4 July, included in Act no. 18/2014, in order to regulate the financial stability of the gas system. The amendments to Law no. 34/1998 are focused on the economic and financial balance of the system, thus aiming to avoid new tariff deficits.

In 2015, the approval of Law no. 8/2015, of 21 May, modified the Hydrocarbons Act, with the main goal of creating an organised market of natural gas in the Spanish system that, once it becomes liquid, should give a price reference to the market and increase competition in the sector. The organised market MIBGAS has since then assumed the role of market operator.

In October 2015, Royal Decree no. 984/2015 was approved which: (i) defined the general principles of the operation of the organised market of natural gas in the Spanish system (the operative details of which were established in December 2015 pursuant to resolutions); (ii) modifies the system of contracting access capacity to the gas sector installations by third parties; and (iii) develops the model of liberalisation for periodic check-ups of users' installations, the responsibilities of each party and recognises the administrative cost of the distribution system operator. Royal Decree-Law 1/2019 established that CNMC is also responsible for determining the rules of third parties access to gas system facilities. In June 2019, CNMC launched a draft circular (a piece of legislation approved by CNMC) regarding access to gas system facilities which will substitute part of the above mentioned Royal Decree 984/2015. This piece of legislation was approved by means of Circular 8/2019 in December 2019.

With respect to the supplier of last resort, Royal Decree no. 485/2009 and Royal Decree no. 216/2014 allowed for the possibility of merging firms that have to supply both electricity and gas, under the supplier of last resort requirements, into a single company.

Spanish law distinguishes between: (i) regulated activities, which include transportation (regasification of LNG, underground storage and transportation of natural gas) and distribution; and (ii) non-regulated activities, which include supply.

Any company engaging in a regulated activity must engage in only one regulated activity. However, a group of companies may conduct unrelated activities whenever they are independent at least in terms of their legal form, organisation and decision making with respect to other activities not relating to transmission, distribution and storage (Law no. 34/1998 and Law no. 12/2007). Royal Decree-Law no. 13/2012 incorporated new rules from Directive 2009/73/EC to achieve an effective separation between regulated activities and non-regulated activities carried out by Spanish companies. This Royal Decree-Law also establishes the ownership unbundling model for the gas TSO in relation to the main network for the primary transmission of natural gas transmission pipeline/grid, "**red troncal**". However, any vertically integrated company established prior to 3 September 2009 may opt between an ownership unbundling model or the independent system operator or regional transmission organisation ("**ISOs**") model.

There have been several mergers and acquisitions in the Spanish gas market, resulting in changes to the market structure. During 2017 EDP completed the sale of all its gas network business in Spain. As a consequence, EDP remains in the gas sector only in liberalised activities (trading and supply). As of 1 December 2020, EDP is no longer involved in last resort supply.

The Spanish gas market has developed significantly in recent years, with 7.97 million customers in 2021.

## 2. **Natural Gas Value Chain**

### **A. Natural Gas Transportation**

The construction, expansion, operation and closure of gas pipelines, storage facilities and regasification plants require prior administrative authorisation. In addition, for the construction and operation of gas transmission, regasification and storage facilities, other licences and permits are necessary, including an environmental impact assessment; licences related to infrastructure construction and land rights; and licences related to construction (for example, an activity licence, opening licence and works licence).

Preliminary authorisation is granted by either the Ministry of Energy, if the proposed facilities are basic transportation facilities, or, if they affect more than one autonomous community, by the regional authorities where such facilities will be located.

Once the preliminary authorisation has been granted, either the Ministry of Energy or the applicable autonomous regional authority will authorise the engineering construction project. Such authorisation enables the applicant to begin construction of the facility. Definitive authorisations are then granted upon completion of the facility.

### **B. Natural Gas Distribution**

An administrative authorisation is required for the conduct of distribution activities. Any legal entity with Spanish nationality or any member of the EU may apply for an administrative authorisation. Applicants must give evidence of their legal, financial and technical capacity for distribution.

Distribution companies are under a legal duty to provide access to their networks to suppliers and consumers. The main principles governing third-party access to the distribution networks are the same as those applicable to access to the transportation network.

Remuneration system of distribution companies is currently established in Law 18/2014. Royal Decree-Law no. 1/2019, defined that, starting from the new regulatory period 2020 to 2025, CNMC is now responsible for approving the methodology and values for remunerating distribution, transmission and regasification as well as the new return ratio. In July 2019, CNMC launched several draft circulars establishing the regulated return ratios for distribution and transmission of both electricity and gas systems in their respective new regulatory periods, and the methodology for remunerating gas regulated activities in the new regulatory period 2021-2026. Circular 2/2019, approved by CNMC in November 2019, imposed a return ratio of 5.44 per cent. in gas distribution and transmission for the period 2021-2026. In order to fulfil this task, CNMC has elaborated a methodology to determine the remuneration for gas distribution activities approved by means of Circular 4/2020, approved on 31 March 2020.

### C. Natural Gas Supply

EDP participates in the ordinary supply market through EDP Clientes S.A.U. in selling natural gas to end consumers all over Spain.

Suppliers acquire natural gas from producers or other suppliers and sell it to other suppliers or to consumers in the liberalised market on terms and conditions freely agreed among the parties. In order to enable suppliers to conduct their business, transporters and distributors are under an obligation to grant access to their network in exchange for regulated tolls and fees. Royal Decree-Law no. 6/2009 has appointed the companies that can supply consumers under the last resort supply system.

Due to the disappearance of OCSUM, the CNMC supervises the process for consumers changing their gas supplier under principles of transparency, objectivity and independence.

Following the approval of Law no. 25/2009, prior to commencing supply activity gas suppliers are obliged to provide a statement to the Ministry of Energy or to the respective regional authority where they wish to engage in supply activity (who will transfer the information to the CNMC) which includes confirmation of: (a) the dates for the commencement (and end of) their activity, (b) proof of their technical capacity for the development of the activity, and (c) the guarantees required. A prior administrative authorisation is only required for the conduct of supply activities if a company or its parent company is from a country outside of the EU that does not recognise equivalent rights. The CNMC is entitled to publish on its web site an up-to-date list of gas suppliers that have communicated the exercising of their activities.

The implementation of supply of last resort in the natural gas sector was established by Royal Decree no. 104/2010, of 5 February, and Royal Decree-Law no. 13/2012 which has partially transposed Directive 2009/73/EC into Spanish regulation.

#### *Tariff Deficit in natural gas sector*

In the Spanish natural gas sector, the main regulatory developments for the period from 2012 to 2014 aimed to reduce the tariff deficit. In this context, the Spanish government approved Royal Decree Law no. 8/2014 in July 2014, which main measures are summarised as follows:

- (i) Reduction of €238 million per year in regulated activities remuneration (distribution and transportation);
- (ii) New remuneration models for regulated activities, during a new six-year regulatory period, which applies from July 2014 to December 2020. For distribution, the new model is still demand based, but the price updating component (IPH) disappears. In the case of transportation, there is a new variable component of remuneration linked to the system demand evolution;
- (iii) Financing of the 2014 tariff deficit by regulated companies in 15 years. New deficits occurring from 2015 onwards financed by regulated companies in five years; and
- (iv) New yearly cap to tariff deficits, which leads to automatic tariffs and tolls increase.

However, these measures have not been enough to contain the tariff deficit and almost every year since then a small new tariff deficit has been produced, which is financed by companies with regulated revenues from the tariff system, mainly distribution, regasification and transmission operators.

The accumulated deficit as of 31 December 2020 amounted to €372.2 million according to Order TEC/1286/2020. This amount does not include the approximately €1,400 million debt for the unsuccessful underground storage project, named "Castor", as Spain's Constitutional Court has annulled the compensation due to Castor's owner (Judgement 152/2017, of 21 December 2017).

#### *Recent regulatory developments*

The following regulatory developments occurred in 2022 and 2023:

- Royal Decree-laws, such as no. 18/2022 or 20/2022, continued with the applicability of measures for the protection of consumers and to respond to the economic and social consequences of the war in Ukraine.



- Order TED/72/2023, of January 26, developing the necessary procedures for compliance with the obligation to maintain minimum security stocks of natural gas adapts the procedure for the application of Royal Decree 1716/2004, of July 23, which regulates the obligation to maintain minimum security stocks, the diversification of natural gas supply and the Corporation of Strategic Reserves of Petroleum Products, in accordance with the authorisation included in its third final provision, to comply with the minimum filling targets for subway natural gas storage facilities imposed on the Kingdom of Spain in Regulation (EU) 2022/1032, of the European Parliament and of the Council, of June 29, amending Regulations (EU) 2017/1938 and (EC) 715/2009 in relation to gas storage.
- Resolution of May 30, 2023, of the CNMC, which establishes the access tolls to the transmission networks, local networks and regasification for the gas year 2024 established access tolls to the transport networks, local networks and regasification facilities for the gas year 2024. The above tolls will be subject to the applicable rate for the provision of services and activities related to the gaseous hydrocarbons sector and the corresponding Gestor Técnico del Sistema Gasista fee.

## **BRAZIL**

### **1. Overview**

The Ministry of Mines and Energy ("**MME**") is the Brazilian government's office responsible for conducting the country's energy policies. Its main duties include formulating and implementing policies for the energy sector, according to the guidelines defined by the National Energy Policy Council ("**CNPE**"). The MME is responsible for establishing the national energy sector planning, monitoring the security of supply of the Brazilian electricity sector and defining preventive actions to guarantee supply restoration in case of structural imbalances between power supply and demand.

According to Law no. 10848/2004 (the "**New Electricity Act**"), the Brazilian government, acting primarily through MME, undertook certain duties that were previously the direct responsibility of ANEEL, including granting concessions and issuing directives governing the bidding process for concessions relating to public services.

ANEEL has the authority to regulate and enforce the production, transmission, distribution and sale of electricity, ensuring the service quality provided by the universal service and tariff establishment to the network users, while preserving the economic and financial viability of agents and industry. The New Electricity Act introduced significant changes to the regulation aimed at providing new incentives to maintain the country's generation capacity adequate to supply the electricity market. Furthermore, through competitive electricity public auctions, energy supply and demand are expected to produce lower tariffs.

The main feature of the New Electricity Act is the creation of two markets for electricity trading (regulated contracting market for the sale and purchase of electricity towards the distribution companies, which is operated through electricity purchase auctions; and the unregulated market or free contracting market for the sale and purchase of electricity for generators, free consumers and electricity trading companies).

Several significant changes in regulation regarding the electricity sector occurred during 2012, such as the Provisional Measure 579/2012, later converted to Law no. 12783/2013, in which the Brazilian government presented measures to reduce electric energy bills. The expected average reduction for Brazil amounted to 20.2 per cent. of total electric energy bills due to government actions aimed at concession renewals (13 per cent.) and sector charges (7 per cent.).

Regarding concession renewals, generation utilities with contracts that expired between 2015 and 2017 were able to renew their concessions and shall guarantee that they make available physical energy to the quotas system for the distributors in proportion to the market size of each distributor.

On 23 January 2013, Provisional Measure 605/2013 was published, which had the objective of increasing the scope of application of the resources of the Energy Development Fund – *Conta de Desenvolvimento Energético* ("**CDE**"). As a result, the CDE began using resources to help offset the discounts applied to the tariffs and the involuntary exposure of distributors resulting from the decision of some generation companies not to extend their generation concessions. This measure amended Law no. 10,438/2002, which established the application of the CDE resources.

On 6 March 2013, CNPE issued the Resolution CNPE 3/2013, which set a new methodology for sharing additional costs incurred using thermoelectric power plants out of the order of merit, which would normally give preference to hydro power plants. According to this new resolution, thermal power plants could operate out of the typical order of merit ahead of the hydroelectric plants to maintain the safety of the system in light of the water shortages in Brazil.

Hydro power plants in Brazil function according to the Energy Reallocation Mechanism ("**MRE**"), a hydrological risk sharing mechanism. The Generating Scaling Factor is a measurement of the amount of energy generated compared against the amount of energy guaranteed under the MRE. If a hydro plant generates less energy than the amount guaranteed, it will have a deficit. This can occur due to unfavourable hydrological conditions, such as extended or severe drought. When a deficit occurs, hydro generators must buy energy in the spot market, generally at higher prices, to meet their contractual commitments.

Since distribution network operators ("**DNOs**") had cash flow difficulties due to Involuntary Exposure and high energy costs as a result of insufficient raining season in 2014, the Federal Government issued Decree no. 8,221/2014. This decree created an account in the Regulated Contracting Environment (the "**ACR Account**") to cover the additional costs of electricity distributors due to involuntary exposure in the context

of high price levels in the spot market and high usage of thermoelectric plants. The Commercialisation Chamber ("CCEE") manages the account, and is responsible for contracting loans, as well as for ensuring the transfer of costs incurred in the operations of the CDE.

The Tariff Flag System started operating through Decree 8,401/2015. This system signals to regulated consumers the real costs of electricity generation, and consists of three flags: green, yellow and red. The green flag indicates that the cost of energy production is low and therefore no extra charges are applied to the energy tariff. The yellow and red flags represent differing levels of increase in energy production cost, and that an additional charge has been added to the tariff. Consumers classified as low income will receive a discount on the additional amount applied by the yellow and red flags.

ANEEL approves transfers to the distribution companies on a monthly basis. Any costs not covered by the Tariff Flag revenue will be considered in the next tariff process.

In the Provisional Measure no. 688, issued in August 2015 and converted into Law no. 13,203 on 8 December 2015, ANEEL introduced optional insurance for hydro generators to cover the risk of a deficit. The cost of the insurance varies depending on the hedge level. The hedge option, under conditions provided by Law no. 13,203/2013, was conditioned on the inability to receive the amount of energy not covered in the MRE via legal proceedings. EDP Brasil has an insurance policy for 7 of 15 of its hydro plants, covering 51 per cent. of its guaranteed energy.

The Provisional Measure no. 735, issued on 23 June 2016 and converted into Law no. 13,360 on 18 November 2016, aims to restructure the Brazilian Energy Sector Funds' management whose current values are approximately R\$20 billion, made up of: (i) the CDE, (ii) Global Reversion Reserve ("RGR") and (iii) Fuel Consumption Account.

It is an important step forward in the governance of the Brazilian Energy Sector. The management of the resources migrated from Eletrobras, a state-owned company with assets in the electricity sector, to a board composed of representatives of the CCEE, with a recent history of control and audit of their accounts, subject to the regulation of the ANEEL.

Law no. 13,360/2016 also determines that by 2030 the CDE's apportionment between DNOs will be proportional to their markets. The transition period between the current allocation, which overloads the South, Southeast and West Central regions, and the proportional allocation to markets will be 2017-2030. The participation of high voltage installations will be lower than low voltage.

The measure creates favourable conditions for the transfer of shareholding control of concessions and simplifies the bidding process and the terms of payment to the union.

It also authorises the transfer of debts with Itaipu from Federal Reserve to end-consumer tariffs and revokes the possibility of extension of the concessions whose start-up of the plants was delayed, even if there is recognition of exclusive responsibility.

Finally, it also permits distribution companies to sell their energy surplus to the free market so that they can enhance their energy over contract condition.

According to Decree no. 9,022, of 31 March 2017, MME detailed sources to support the CDE account (as well as RGR utilisation) and the situations in which they can be used, implemented and managed, as stated in previous legislation (Laws no. 7,891/2013, 10,438/2002, 12,111/2009 and 12,783/2013).

ANEEL's Dispatch 2,379, of 17 October 2018, authorised EDP Comercialização Varejista Ltda to act as an Electricity Energy Trading Agent within CEE's scope.

Through Normative Resolution 831, of 30 October 2018, ANEEL changed the parameters for the calculation of the price cap for new auctions.

On 14 November 2018, the Brazilian government issued Provisional Measure 855, enabling privatisation of Eletrobras Discos after Senate rejection of a bill proposed by the Brazilian government to establish legal framework for the transaction. Up to R\$3 billion could be paid by consumers in 60 months to cover uncovered debts due to economics and energetic efficiency low performance.

On the same day, Provisional Measure 856 was issued, which delegated the responsibility for contracting last resort and temporary providers of the public service power distribution to ANEEL.

Through Normative Resolution 839, of 26 December 2018, ANEEL incorporated a new load levels representation for the planning/programming of the electricity operation.

On 28 December 2018, the Brazilian government issued Decree no 9,642/2018, which gradually removes subsidies in incorporated electricity tariffs at a rate of 20 per cent. per year (for 5-year period). The subsidies subject to reduction are those relating to the discount for the "rural", "irrigation/aquaculture" and "water/sewage/sanitation" classes. The Decree also ends up with the cumulativeness of discounts for the beneficiaries of the "rural" and "irrigation/aquaculture" classes. On the other side, Decree no. 9,744/2019 established cumulative subsidies for consumers in the rural and irrigation/low voltage aquaculture classes from the date of its publication.

ANEEL reviewed and detailed criteria for entry into service of the Transmission Functions, which are the functional units that must be handled jointly for their regulatory treatment through Normative Resolution 841, of 28 December 2018. This Normative Resolution entered into force on 1 July 2019 and revoked REN 454/2011. The new REN creates the revenue release term, which, in the case of facilities capable of operating with third party impediments pending, receives 100 per cent. of the allowed annual revenue. In addition, the new REN maintains the receipt of 90 per cent. of the annual revenue permitted ("**RAP**") portion for the partial release terms, and, if the impediments pending enter into force for more than 12 months, the transmitter will receive 80 per cent. of the RAP portion.

On 29 December 2018, Ministerial Order no. 514 was published, which decreases the load limits for consumers contracting electricity of the liberalised market. From 1 July 2019, consumers with a load of 2,500 kW or more, regardless of the connection voltage level, were able to acquire power in the liberalised market. From 1 January 2020, the possibility extended to 2,000 kW. On 12 December 2019, Ordinance 465 enabled consumers with a load more than or equal to 1500 kW to enter the free market on 1 January 2021, reducing to 1000 kW on 1 January 2022 and to 500 kW on 1 January 2023.

On 29 January 2019, the Ministerial Council for Disaster Response Supervision published Resolution No. 1, dated 28 January 2019, which establishes that federal supervisory agencies must require the immediate updating of dam safety power plans, in accordance with Law no. 12,334, of 2010. Therefore, ANEEL implemented a special campaign to inspect dams in power-plants, which includes documental evaluation and on-site inspection in all hydroelectric plants in operation.

On 12 February 2019, Ministerial Order 124 created a Working Group with the scope of coordinating the development of studies to subsidise the process of revision of Itaipu Treaty Annex C.

Homologatory Resolution No. 2,514, dated 19 February 2019, updated ANEEL's reference bank to be used in the authorisation processes, bidding for concession granting and revision of the annual allowed revenues of electricity power transmission concessionaires.

On 1 March 2019, MME published Ministerial Order no. 151/2019, which established the dates of the new energy auctions in: (i) 2019: A-4 in June and A-6 in September; (ii) 2020: A-4 in April and A-6 in September; and (iii) 2021: A-4 in April and A-6 in September. Ministerial Order No. 152 established the schedule for existing A-1 and A-2 energy auctions in December 2019, 2020 and 2021.

Homologatory Resolution no. 2,521, of 20 March 2019, changed the amount of CDE fees to be paid by the distributors, referring to the ACR Account. The ACR Account was created to cover the loan passed on to the distributors in 2014. At that time, the fee collection was established including an additional fund formation. Based on ANEEL's forecasts for the ACR account that must be collected, the previously formed fund will have sufficient funds to repay the loan in September 2019.

On 3 April 2019, Ministerial Order no. 186 was also published, establishing the Guidelines for the Auction of Purchase of Electricity from New Generation, named "A-4", of 2019. On 1 August and 4 September 2019, Ordinances MME no. 304 and 337, respectively, established auctions from existing generation projects A-1 and A-2 and from new generation projects A-6.

On 4 April 2019, a working group was created by Ministerial Order No. 187 to develop proposals for the Electricity Sector Modernisation, dealing, from an integrated point of view, with the following topics: (i) market environment and mechanisms to make feasible the expansion of the Electricity System; (ii) pricing

mechanisms; (iii) rationalisation of charges and subsidies; (iv) Energy Reallocation Mechanism - MRE; (v) allocation of costs and risks; (vi) insertion of new technologies; and (vii) sustainability of distribution services.

ANEEL approved improvements in the settlement price of differences, through Normative Resolution 843, of 2 April 2019, establishing the general guidelines for the process of price formation and disclosure of data to the market, reinforcing anticipation and transparency, as well as consolidating various agency regulations.

On 19 July 2019, ANEEL approved Normative Resolution no. 851/19 which established rules for thermoelectric plants dispatching to provide complementary grid frequency control.

On 7 August 2019, MME Public Consultation 76 proposed mandatory representation by retailers in the free market for consumers with a load of less than or equal to 1,000 kW. On 21 October 2019, MME withdraw this idea.

On 26 August 2019, MME Public Consultation 77 proposed a reduction of market reserve for renewable energy sources.

Order ANEEL no. 2,506 of 10 September 2019 approved research and development projects for electrical mobility. Three EDP projects were approved.

On 9 September 2020, the Federal Government published Law no. 14,052/2020, which regulates the renegotiation of the hydrological risk. This law established compensation for the owners of hydroelectric plants that participate in the MRE who have been affected by the non-hydrological effects since 2012. Compensation will be granted to the impacted plants in the form of a grant extension.

The Federal Government regulated the capacity market through Decree no. 10,707/2021, of 28 May 2021, establishing the capacity reserve auction for power contracting. The first auction occurred on 21 December 2021.

On 12 July 2021, Law no. 14,182/2021 (privatisation of Eletrobras) was enacted, which, among other things, extended the renegotiation of the hydrological risk to the portion of energy in the ACR in a period prior to the renegotiation of Law no. 13,203/2015.

On 3 August 2021, ANEEL's board of directors partially approved the renegotiation of the hydrological risk of the MRE's plants, through Normative Resolution no. 2,919/2021, initiating the process of evaluation and acceptance of the terms by the agents.

On 20 December 2021, MME published through Ordinance 32/GM/MME/2021 an estimated schedule of auctions for 2022, 2023 and 2024, establishing the capacity reserve auctions for power contracting on November 2022, November 2023 and November 2024.

On 7 January 2022, Law no. 14.300/22 established the legal framework for distributed mini and microgeneration. The framework contains rules for the use of energy credits (net-metering system), compensation of tariffs' components and deadlines for subsidies.

On 25 January 2022, Decree no 10.946/2021 established basic rules and guidelines for offshore wind generation on the Brazilian coast.

On 4 August 2022, the CNPE (National Council for Energy Policy) Resolution no. 6/2022 was published, establishing the National Hydrogen Program and creating the National Hydrogen Program Management Committee.

On 14 September 2022, MME published the Normative Ordinance no. 48/2022, cancelling three auctions scheduled for 2022, namely the power generation auction from new projects, the power generation auction for isolated systems and capacity auction.

On 28 September 2022, MME published the Normative Ordinance no. 50/2022, allowing consumers classified as Group A (high voltage consumers), from January 2024 onwards, to freely choose its energy supplier.

On 29 December 2022, Decree no. 11.314/22 established the guidelines for transmission auctions related to concession agreements in the transmission segment due in the next years. Regarding the distribution segment, MME intends to choose the concession's renewals path.

### **Generation Highlights**

The Generation Scaling Factor ("**GSF**") is the ratio between the total generation and the total physical guarantee of the MRE. If the ratio is more than "1", it means that secondary energy was generated during the period. If the ratio is less than "1", this is the adjustment factor to be applied to the physical guarantees of the plants in the MRE, to cover their levels of generation.

The GSF mechanism was judicialised in 2015 by several companies that contested the payment of risks not related to hydrology. Federal Law no. 13,203/15 brought a solution to the problem in the regulated market in the same year, but it was not suitable for the free market generators.

In September 2020, Law no. 14.052/20 amended Law no. 13.203/15 and enacted a compensation mechanism applicable to specific hydroelectrical energy generation conditions. This new law is expected to help resolve the impasses caused by the GSF issue in the short-term energy market, normalising its settlements.

With the approval of Law no. 14,052/2020 and Law no. 14,182/2021, and the subsequent approval of the hydrological risk by ANEEL, EDP's hydroelectric power plants were eligible for waiving the court injunctions (if existent) and receiving in return the extension of exploration grant.

After the approval by ANEEL of the deadlines for extension of concession exploration, EDP's hydroelectric power plants ("**HPP**") were eligible of receiving the following grant extensions:

	<u>Extension (days)</u>
HPP Cachoeira Caldeirão.....	82
HPP Lajeado.....	980
HPP Mascarenhas.....	604
HPP Peixe Angical.....	2,011
HPP Santo Antonio do Jari.....	301
HPP São Manoel .....	243

ANEEL approved the extension of concession exploration's deadline for HPP Santo Antonio do Jari through Authorising Resolution 11.715, of 19 April 2022; HPP Peixe Angical through Authorising Resolution 11.715, of 19 April 2022 and Authorising Resolution 11.998, of 7 June 2022 and for HPP Cachoeira Caldeirão, HPP São Manoel, HPP Mascarenhas and HPP Lajeado through Authorising Resolution 12.255, of 5 July 2022.

On 8 August 2022, ANEEL recognised the amount of R\$ 6,333,610.21 related to the dispatch of Ancillary Service of Special Protection System in São Manoel HPP, through ANEEL's Order no. 2.040/2022.

On 23 September 2022, MME published Normative Ordinance no. 49/2022 establishing the guidelines for energy exportation to Argentina and Uruguay.

On 2 December 2022, MME published Ordinance no. 709/2022 approving the methodology and criteria related to Hydroelectric Power Plants' Ordinary Review of Physical Energy Guarantee.

On 27 December 2022, Decree no. 11.310/2022 established the activities for inspection and governance of National Dams' Safety Policy.

On 30 December 2022, MME published Normative Ordinance no. 60/2022 establishing the guidelines for energy importation from Argentina and Uruguay.

On 4 May 2023, ANEEL published Normative Resolution no. 1.062/2023, improving the regulatory framework regarding ancillary services and allowing wind, solar and thermal power plants to provide reagent support and be remunerated for it.

On 11 May 2023, ANEEL published Normative Resolution no. 1.064/2023, establishing criteria and actions for dam safety for hydro power plants, according to Law no. 12.334/2020.

## 2. Distribution tariffs

Power distribution companies in Brazil operate with regulated tariffs, and their operating results are therefore subject to regulation. Their concession contracts contain provisions for periodic and annual tariff adjustments and the possibility of extraordinary tariff revisions (i.e. revisions that can be taken by the regulator if some unexpected exogenous factor occurs that affects the financial or economic equilibrium of the concession).

### *Periodic tariff revisions*

Every three, four or five years, depending on the concession contract, ANEEL establishes a new set of tariffs, reviewing all concessionaire costs and expected revenue. To calculate periodic tariff revisions, ANEEL determines the annual revenue required for a power distribution company to cover what a concession contract refers to as the sum of "**Parcel A**" and "**Parcel B**" costs. Parcel A costs consist of a distribution company's costs of power supply and transmission costs as well as tariff charges. Parcel B costs consist of the distribution company's operating costs, taxes, depreciation and return on investment, accepted by the regulator.

The required revenue of EDP's electricity distribution companies is calculated on an annual basis and regards a revenue flow compatible with the regulatory economic costs calculated according to specific rules established by ANEEL, over a past 12-month period called a test year. The regulatory regime in Brazil provides for price caps, and if the estimated required revenue for the year under analysis is different from the actual revenue of the concessionaire for that year, the risk is allocated to the concessionaire. Recent modifications in the tariff methodology have reduced this risk, called market risk, and for almost all of Parcel A costs the market risk has been allocated to the customers: if the revenue is higher than expected, the tariff for the next year is reduced, and *vice versa*.

Periodic tariff revisions are conducted every three years for EDP Espírito Santo and every four years for EDP São Paulo.

On 28 April 2015, through Resolution no. 660, ANEEL approved changes in the methodology applicable to the processes of Periodic Tariff Review for distributors as of 6 May 2015. The changes related to the following: (i) general procedures; (ii) operating costs; (iii) X-Factor (productivity gains); (iv) non-technical losses; (v) unrecoverable revenues; and (vi) other income. The most significant changes are as follows:

- (i) the tariff cycle concept was extinguished. The methodologies and parameters prevailing at the time of the tariff review will be used. The parameters and the methodologies will be updated every two to four years and every four to eight years respectively in each case counted from 2015;
- (ii) the WACC increased from 7.5 per cent. to 8.09 per cent. (after tax). The points taken into account in the update were: (i) standardisation of the series; (ii) use of average credit risk of companies in the debt capital; and (iii) recalculation of the cost of capital every three years, with a methodology review every six years;
- (iii) remuneration for the risk associated with investment operations funded by third-party funds (subsidies);
- (iv) the definition of efficient operating costs was changed to comprise the "**consumer energy index**" and "**non-Technical losses**";
- (v) in determining the level of non-technical losses, the variable "**low-income**" was included and the database updated based on three statistical models;
- (vi) the level of unrecoverable revenues (percentage) shall be calculated based on past 60 months of non-compliance by the concessionaire;
- (vii) the percentage share of other revenue has been changed to 30 per cent. in the services of: (i) efficiency of energy consumption; (ii) qualified cogeneration facility; and (iii) data communication services. The percentage share of other services was set at 60 per cent.; and

(viii) the calculation of X-Factor now includes consideration of commercial quality.

On 6 March 2018, ANEEL has decided to maintain the WACC at 8.09 per cent. (after tax) until December 2019. From 2020 onward a new methodology was applied and a preliminary proposal of the regulator in the public consultation of October 2019 reduced WACC from 8.09 to 7.17 per cent. EDP Espírito Santo and EDP São Paulo will maintain the 8.09 per cent. (after tax) WACC until their new regulatory period starts in August 2022 and October 2023, respectively.

ANEEL's Normative Resolution no. 833, of 19 December 2018, detailed the procedure for calculation and settlement of the Surplus Selling Mechanism, object of Normative Resolution 824/2018.

ANEEL's Normative Resolution no. 835, of 19 December 2018, improved and adjusted the criteria for tariff review of the distributors belonging to the same economic group that opted for the concessions grouping.

ANEEL's Normative Resolution no. 877, of 19 March 2020, simplified the methodology of X-Factor Pd (the "**Pd**" component shares the scale productivity with consumers).

ANEEL's Normative Resolution no. 907, of December 2020, postponed the governance index disclosure for 2022, when corporate and data compliance indicators will be analysed.

ANEEL's Normative Resolution no. 925, of March 2021, excluded equivalent interruption frequency per consumer unit from the X-Factor Q (the "**Q**" component in X-Factor is to encourage continuous improvement of quality-of-service indicators), and amplified penalty or benefit signals.

ANEEL's Normative Resolution no. 933, of May 2021, instituted the new Electric Sector Accounting Manual.

ANEEL's Normative Resolution no. 939, of July 2021, simplified the analysis of assets price database and proposed new reference prices from August 2021.

Following the Regulatory Agenda 2021, several methodological changes are expected. Public Hearing 062/2020 discussed improvements for benchmark methodology for operational costs. Public Hearing 029/2020 proposed the exclusion of the loss saturation point and greater speed of trajectory to the goal of non-technical losses model. Public Hearing 049/2021 was open until mid-October 2021 to receive contributions on a proposed pilot programme of two-part tariffs considering centralised governance by ANEEL. Tariff flags was also discussed in the fourth quarter of 2021 in order to review the highest level of the flags.

On 22 February 2022, ANEEL published the WACC rate, which remunerates distribution, transmission and generation assets, to be applied between March 2022 and February 2023. For distribution, the WACC was set at 10.83 per cent and for transmission and generation at 10.50 per cent.

Law 14.385/22 determined that ANEEL promoted the return of PIS/COFINS credits charged in excess from consumers. EDP, through its tariff processes, has already returned the credits since 2020.

In June 2022, Complementary Law 194 was published, classifying electricity as an essential good and thus limiting the ICMS rate to 18 per cent.

### ***Tariff adjustments***

Because the revenues of electricity distribution companies are affected by inflation, they are afforded an annual tariff adjustment to address the impact of inflation for the period between periodic revisions. For the purposes of the annual adjustment, a tariff adjustment rate (referred to as the Tariff Adjustment Index) is applied, through which Parcel A costs are adjusted to account for variations in costs and Parcel B costs are adjusted to account for variations in the General Price Index Market ("**IGP-M**") inflation index. For Parcel B, the tariff adjustment rate also considers a measure of the distributor's operating productivity power quality, called the X-Factor. The main objective of the X-Factor is to ensure an efficient balance between revenues and costs, established at the time of revision, by considering standard values established by the regulator. The X-Factor has three components: (i) expected productivity gains; (ii) quality of service; and (iii) cost efficiency.



On 7 August 2018, ANEEL approved the 2018 annual tariff readjustment for EDP Espírito Santo which will apply from 7 August 2018 to 6 August 2019. The average effect was 15.87 per cent. Parcel B was readjusted by 7.19 per cent., considering an IGP-M of 8.24 per cent. and an X-Factor of 1.05 per cent. resulting from 1.15 per cent. of productivity gains, -0.10 per cent. of incentives to quality of service and 0.00 per cent. of trajectory to adequacy of operational costs.

On 16 October 2018, ANEEL approved the 2018 annual tariff readjustment for EDP São Paulo which will apply from 23 October 2018 to 22 October 2019. The average effect was 16.12 per cent. Parcel B was readjusted by 9.48 per cent., considering an IGP-M of 10.04 per cent. and an X-Factor of 0.56 per cent., in result of 1.14 per cent. of productivity gains, -0.34 per cent. of incentives to quality of service and -0.24 per cent. of trajectory to adequacy of operational costs.

On 6 August 2019, ANEEL approved the 2019 tariff revision for EDP Espírito Santo which will apply from 7 August 2019 to 6 August 2020. The average tariff effect perceived by the consumer was -4.84 per cent. Parcel B was revised by 13.6 per cent., considering an X-Factor of 0.84 per cent. resulting from 1.12 per cent. of productivity gains, -0.28 per cent. of incentives to quality of service and -1.05 per cent. of trajectory to adequacy of operational costs. Technical regulatory losses were fixed at 7.06 per cent., while commercial losses were set at 10.74 per cent. over low tension market in 2019, reducing to 9.58 per cent. until 2021.

On 23 October 2019, ANEEL approved the 2019 tariff revision for EDP São Paulo which will apply from 24 October 2019 to 23 October 2020. The average tariff effect perceived by the consumer was -5.33 per cent. Parcel B was revised by 2.7 per cent., considering an X-Factor of 0.88 per cent. resulting from 0.96 per cent. of productivity gains, and -0.08 per cent. of incentives to quality of service. Technical regulatory losses were fixed at 4.06 per cent., while commercial losses were set at 8.43 per cent. over low tension market in 2019, reduced to 8.42 per cent. until 2022.

On 6 August 2020, ANEEL's board unanimously approved the 2020 annual tariff readjustment for EDP Espírito Santo which will apply from 7 August 2020 to 6 August 2021. The average effect was 8.02 per cent. Parcel B was readjusted by 2.5 per cent., was set at BRL 1.004 billion, considering an IGP-M of 9.27 per cent. and an X-Factor of -0.14 per cent. resulting from 1.12 per cent. of productivity gains, -0.21 per cent. of incentives to quality of service and -1.05 per cent. of trajectory to adequacy of operational costs. The readjustments mainly affected UHE Itaipu costs given its value follows the U.S.dollar exchange rate. The reversal of the values of the COVID-Account in the amount of BRL 219.4 million, the anticipation reversal of the values of PIS/COFINS in the amount of BRL 159 million and the rectification of the CDE of 2020, contributed to a 13.9 per cent. reduction.

On 20 October 2020, ANEEL's board unanimously approved the 2020 annual tariff readjustment for EDP São Paulo which will apply from 23 October 2020 to 22 October 2021. The average effect was 4.82 per cent. Parcel B was readjusted by 21 per cent., was set at BRL 1.198 billion, considering an IGP-M of 17.94 per cent. and an X-Factor of 0.55 per cent. resulting from 0.96 per cent. of productivity gains, -0.41 per cent. of incentives to quality of service and 0.00 per cent. of trajectory to adequacy of operational costs. The readjustment mainly affected UHE Itaipu costs given its value follows the U.S. dollar exchange rate. The reversal of the values of the COVID-Account in the amount of BRL 355.8 million contributed to a 8.5 per cent. reduction.

On 3 August 2021, ANEEL's board unanimously approved the 2021 annual tariff readjustment for EDP Espírito Santo which will apply from 7 August 2021 to 6 August 2022. The average effect was 9.75 per cent. Parcel B was readjusted by 46 per cent., was set at BRL 1.466 billion, considering an IGP-M of 33.75 per cent. and an X-Factor of -0.13 per cent. resulting from 1.12 per cent. of productivity gains, -0.20 per cent. of incentives to quality of service and -1.05 per cent. of trajectory to adequacy of operational costs. The main readjustment's cause was the costs of thermoelectric dispatch in consequence of the hydrologic crisis and the elevation of IGP-M. The readjustment also had a previous consideration of regulatory credits, that contributed to preventing 5.7 per cent. of tariff impact. These regulatory credits are related to the PIS/COFINS taxes injunction (BRL 156 million) and to the clients' excess consumption of demand and reactive power (BRL 72 million).

On 21 October 2021, ANEEL's board unanimously approved the 2021 annual tariff readjustment for EDP São Paulo which will apply from 23 October 2021 to 22 October 2022. The average effect was 12.39 per cent. Parcel B was readjusted by 33 per cent, set at BRL 1.588 billion, considering an IGP-M of 4.86 per cent. and an X-Factor of 1.03 per cent., resulting from 0.96 per cent. of productivity gains, 0.07 per cent. of incentives to quality of service and 0.00 per cent. of trajectory to adequacy of operational costs. The

main readjustment's influence factor was the costs of thermoelectric dispatch in consequence of the water shortages faced in 2021 and the elevation of IGP-M. The readjustment also had a previous consideration of regulatory credits, that contributed to preventing 4.51 per cent. of tariff impact. These regulatory credits are related to the PIS/COFINS taxes injunction (BRL 144 million) and to the clients' excess consumption of demand and reactive power (BRL 97 million).

On 2 August 2022, ANEEL approved the 2022 tariff revision for EDP Espírito Santo which applied from 7 August 2022 to 6 August 2023. The average tariff effect perceived by the consumer was 11.50 per cent. Parcel B was revised by -1.76 per cent., considering an X-Factor of 1.378 per cent. resulting from 0.844 per cent. of productivity gains, -0.33 per cent. of incentives to quality of service and 0.864 per cent. of trajectory to adequacy of operational costs. Technical regulatory losses were fixed at 7.18 per cent., while commercial losses were set at 11.80 per cent. over the low tension market in 2022.

On 18 October 2022, ANEEL's board unanimously approved the 2022 annual tariff readjustment for EDP São Paulo which will apply from 23 October 2022 to 22 October 2023. The average effect was 8.05 per cent. Parcel B was readjusted by 2.49 per cent, considering an IGP-M of 8.25 per cent. and an X-Factor of -0.06 per cent. per cent., resulting from 0.96 per cent. of productivity gains, 0-1.02 per cent. per cent. of incentives to quality of service and 0.00 per cent. of trajectory to adequacy of operational costs. The main readjustment's influence factor was the costs of sector charges. The readjustment also had a previous consideration of regulatory credits that contributed to preventing 15.29 per cent. of tariff impact. These regulatory credits are related to the PIS/COFINS taxes injunction (BRL 821 million).

On 1 August 2023, ANEEL's board unanimously approved the 2023 annual tariff readjustment for EDP Espírito Santo which will apply from 7 August 2023 to 6 August 2024. The average effect was 3.55 per cent.; Parcel B was readjusted by -2.71 per cent, considering an IGP-M of -7.72 per cent. and an X-Factor of 0.86 per cent., resulting from 0.84 per cent. of productivity gains, -0.85 per cent of incentives to quality of service and 0.86 per cent. of trajectory to adequacy of operational costs. The readjustments were mainly influenced by the cost of sector and transmission charges.

### ***Transmission revenue***

On 14 May 2019, ANEEL approved the new Reference Prices to be practised in transmission substations and lines.

A transmission readjustment tariff occurred on 25 June 2019 (ANEEL's Homologation Resolution no. 2562/2019), affecting EDP Transmission revenue by establishing the value of the Tariffs for the Use of the Transmission System ("TUST") for electricity, components of the National Interconnected System for the 2019-2020 cycle.

On 31 July 2019, ANEEL approved the acquisition of Litoral Sul Transmission Company by EDP and hence a new transmission line has been constructed.

On 3 September 2019, ANEEL approved the RAP value regarding the third autotransformer implementation at SE Siderópolis 2 of EDP Aliança. The approval allows the equipment fabrication and installation to occur simultaneously with the rest of the transmission assets.

On 28 April 2020, the Brazilian National Power Grid Operator – ONS, confirmed the partitioning of EDP Aliança's concession agreement. This act allows the entry into service of part of EDP Aliança's transmission assets. The expected revenue is 90 per cent. of the RAP portion associated to this group of Transmission Functions. The expected income is approximately BRL 50 million per year.

A transmission readjustment tariff occurred on 14 July 2020 (Homologation Resolution no. 2,725/20), affecting EDP Transmission revenue by establishing the value of TUST for electricity, components of the National Interconnected System for the 2020-2021 cycle.

On 24 November 2020, ONS published two access reports, which established the technical viability and conditions for the distribution utilities, CEGERO and CEBRANORTE, to connect to Tubarão Sul substation, owned by EDP Litoral Sul. These documents indicate the need for the construction of two modules to connect the overhead distribution lines, by December 2022.

On 8 December 2020, ANEEL approved the Services Rules of Transmission Electric Energy in the National Electricity System (Normative Resolution no. 905/20), which consolidates the rules of the Transmission

Sector, including assets, public service provision, system access and operation. These rules were changed on 18 January 2022 by Normative Resolution no. 1,001/2022.

On 30 June 2021, EDP won the transmission lot with the longest length (in terms of kilometres of lines) located in the Northern Region of Brazil. This transmission line is under development.

A transmission readjustment tariff occurred on 13 July 2021 (Homologation Resolution no. 2,895/2021), affecting EDP Transmission revenue by establishing the value of TUST for electricity, components of the National Interconnected System for the 2021-2022 cycle.

On 14 October 2021, EDP acquired Celg Transmissão S.A. in a competitive transmission privatisation auction. By winning this auction, EDP added 755.5 km transmission lines and 14 substations to its portfolio assets. For the tariff cycle 2021-2022 the annual revenue was fixed in R\$223 million (Homologation Resolution no. 2,959/21).

On 22 February 2022, ANEEL authorised EDP Goiás to implement reinforcements in the Pirineus substation with an approximate revenue of BRL 5.2 million (Authorising Resolution no. 11277/22)

On 12 April 2022, ANEEL authorised EDP Goiás to implement reinforcements in the Xavantes substation with an approximate revenue of BRL13 million (Authorising Resolution no. 11645/22)

In May 2022, Transmission Line SP-MG came into commercial operation. In July 2023, Transmission Line EDP Litoral Sul came into operation and in August 2022 Mata Grande Transmission Line came into operation.

On 21 June 2022, ANEEL established that the annual revenue to be received by EDP Goiás in the 2022 to 2023 cycle regarding reinforcements without prior revenue is approximately R\$1.3 million (Homologation Resolution no. 12177/22).

On 12 July 2022, Homologation Resolution no. 3066/22 was also published with the TUST values, defining the tariffs that would be applied to users of the energy transmission system during the 2022-2023 tariff cycle.

The transmission annual revenue ("**RAP**") for the 2022-2023 tariff cycle was also published on 12 July 2022 (on Homologation Resolution no. 3067/2022 – hereafter REH 3067/22). Considering the assets in operation in July 2022, the total revenue of EDP's transmission companies according to REH 3067/2022 was BRL 789 million.

On 16 December 2022, EDP won a transmission line project close to 190 km in length in the north region of Brazil with an annual revenue defined in the concession agreement of BRL 25 million. This transmission line is under development.

On 4 January 2023, ANEEL's Dispatch no 18/23 authorised EDP Goiás to implement three reinforcements in the Xavantes substation.

According to the concession agreement, a review of the EDP Aliança and SP-MG transmission revenues was expected to take place in 2023. New RAP values were published on 13 June 2023 (on Homologation Resolution no. 3025/23 – hereafter REH 3025/23). However, it should be noted that by decision of the regulatory agency – ANEEL (on Dispatch no. 402/23 of 14 February 2023), this was a partial review from transmission assets since the review of components of reinforcements and improvements was postponed to 2024. In 2023 the RAP review of EDP-Goiás (previously named Celg Transmission) should also have occurred. Nevertheless, according to this same ANEEL decision, the total review of EDP-Goiás revenue was also postponed.

On 4 July 2023, the transmission annual revenue for the 2023-2024 tariff cycle was published (on Homologation Resolution no. 3216 – hereafter REH 3216/23). Considering the assets in operation in July 2023, the total revenue of EDP's transmission according to REH 3216/2023 was BRL 923 million. However, REH 3216/2023 should have considered new RAP values published for EDP Aliança and SP-MG (in REH 3205/2023). Since they were not considered there is an inconsistency in values published in REH 3216/2023. Nevertheless, no correction has yet been published by ANEEL. If the revised reviewed RAP values (from REH 3205/2022) had been correctly considered the total revenue of EDP's transmission companies would be BRL 910 million for the 2023-2024 tariff cycle.

On 4 July 2023, Homologation Resolution no. 3017/23 was also published with the TUST values, defining the tariffs that will be applied to users of the energy transmission system during the 2023-2024 tariff cycle.

On 17 July 2023, ANEEL's Dispatch no 2401/23 authorised EDP Goiás to implement some improvements in the Xavantes and Anhanguera substations. The total RAP is approximately BRL 5 million.

## UNITED STATES

### 1. Overview

Federal, state and local energy statutes regulate the development, ownership, business organisation and operation of electric generating facilities in the United States. In addition, the federal government regulates wholesale sales of electricity and certain environmental matters, and the state and local governments regulate the construction of electric generating facilities, retail electricity sales and environmental and permitting matters.

### 2. Federal regulations related to the electricity industry

The federal government regulates wholesale power sales and the transmission of electricity in interstate commerce through the Federal Energy Regulatory Commission ("**FERC**"), which draws its jurisdiction from the Federal Power Act, as amended (the "**FPA**"), and from other federal legislation such as the Public Utility Regulatory Policies Act of 1978, as amended ("**PURPA 1978**"), and the Public Utility Holding Company Act of 2005 ("**PUHCA 2005**").

#### *Electricity generation*

All of the Group's project companies – both for centralised generation and distributed generation – in the United States operate as exempt wholesale generators ("**EWGs**") under PUHCA 2005 or as owners of qualifying facilities ("**QFs**") under PURPA 1978, or are dually certified. In addition, most of the centralised generation project companies are regulated by FERC under Parts II and III of the FPA and have market-based rate authorisation from FERC. Such market-based rate authorisation allows the project companies to make wholesale power sales at negotiated rates to any purchaser that is not an affiliated public utility with a franchised electric service territory.

EWGs are owners or operators of electric generation (including producers of renewable energy, such as wind and solar projects) that are engaged exclusively in the business of owning and/or operating generating facilities and selling electric energy at wholesale. An EWG cannot make retail sales of electric energy or engage in other business activities that are not incidental to the generation and sale of electric energy at wholesale. An EWG may own or operate only those limited interconnection facilities necessary to connect wholesale generation to the grid.

Under the FPA, FERC has exclusive rate-making jurisdiction over "public utilities" that engage in wholesale sales of electric energy or the transmission of electric energy in interstate commerce. With certain limited exceptions, the owner of a renewable energy facility that has been certified as an EWG in accordance with FERC's regulations is subject to regulation under the FPA and to FERC's rate-making jurisdiction. FERC typically grants EWGs the authority to charge market-based rates as long as the EWG can demonstrate that it does not have, or has adequately mitigated, market power and it cannot otherwise erect barriers to market entry. Currently, none of the Group's project companies or their affiliates has been found by FERC to have the potential to exercise market power in any U.S. markets. In the event that FERC's analysis of market power changes or if certain other conditions of market-based rate authority are not met, FERC has the authority to impose mitigation measures or withhold or rescind market-based rate authority and require sales to be made based at cost-of-service rates which could result in a reduction in rates.

FERC generally grants EWGs with market-based rate authority waivers from many of the accounting and record-keeping requirements that are otherwise imposed on traditional public utilities under the FPA. However, EWGs with market-based rate authority are subject to ongoing review of their rates under FPA sections 205 and 206, advance review of certain direct and indirect dispositions of FERC-jurisdictional facilities under FPA section 203, regulation of securities issuances and assumptions of liability under FPA section 204 (subject to certain blanket pre-authorisation), and supervision of interlocking directorates under FPA section 305. FERC has authority to assess substantial civil penalties (i.e. up to approximately \$1.4 million USD per day per violation) for failure to comply with the conditions of market-based rate authority and the requirements of Part II of the FPA.

Certain small power production facilities may qualify as QFs under PURPA 1978. A wind or solar-powered generating facility (or the aggregation of all such facilities owned or operated by the same person or its affiliates, using the same energy source and located within one mile of each other) with a net generating capacity of 80 MW or less may be certified by FERC or self-certified with FERC as a QF. Certain QFs,

including renewable energy facilities with a net generating capacity of 30 MW or less, are exempt from certain provisions of the FPA. Additionally, renewable energy QFs with a net generating capacity of 20 MW or less are exempt from FERC's rate-making authority under the FPA. EDP's US-based distributed generation project companies are considered QFs. QFs that are not located in competitive wholesale markets have the right to require an electric utility to purchase the power generated by such QFs at the utility's avoided cost rate. QFs also have the right to require an electric utility to interconnect it to the utility's transmission system, and to sell firm power service, back-up power, and supplementary power to the QF at reasonable and non-discriminatory rates. However, under the PURPA 1978 regulations (as amended in 2020) states have broad authority to determine avoided cost rates, set additional limitations on the nameplate capacity of QFs eligible for standard offer contracts and modify the tenor of certain contracts for QF sales. Therefore, the precise terms of sale for generation from QF projects vary from state to state. The 2020 amendments to the PURPA 1978 regulations expanded the circumstances in which small power production QFs that use the same fuel source, are owned or operated by the same person or its affiliates and are located within a certain distance of each other are treated as a single facility for purposes of the 80 MW size limit and other thresholds. Finally, a renewable energy QF with a net capacity of 30 MW or less is exempt from regulation under PUHCA 2005 and the state laws and regulations respecting the rates of electric utilities and the financial and organisational regulation of electric utilities.

FERC also implements the requirements of PUHCA 2005, which imposes certain obligations on "holding companies" that own or control 10 per cent. or more of the direct or indirect voting interests in companies that own or operate facilities used for the generation of electricity for sale, including renewable energy facilities. As a general matter, PUHCA 2005 imposes certain record-keeping, reporting and accounting obligations on such holding companies and certain of their affiliates. However, holding companies that own only EWGs, QFs or foreign utility companies are exempt from the federal access to books and records provisions of PUHCA 2005.

Wholesale electricity transactions in the United States are either bilateral in nature, which allows two parties to freely contract for the sale and purchase of energy, or take place within centralised clearing markets for capacity and spot energy which facilitates the efficient distribution of energy. Regional power markets have formed within the transmission systems operated by independent system operators ("**ISOs**") and regional transmission operators ("**RTOs**"), such as the Midcontinent, California, New York, and New England ISOs and the PJM Interconnection and Southwest Power Pool RTOs.

EDP's project companies typically sell power and the associated renewable energy credits ("**RECs**") from EDP's electric generation facilities under long-term bilateral PPAs. However, additional energy or ancillary services may be sold on a short-term basis to the market, generally at short-term clearing prices or, in the case of Reactive Supply and Voltage Control Service, at cost-based rates accepted by FERC or at rates set by the relevant ISO. In addition, EDP's project companies may sell RECs under long-term or short-term bilateral agreements. The distributed generation project companies alternatively may sell similar environmental credits for power and associated green attributes through subscription agreements to local customers in a community. EDP's electric generating facilities are typically interconnected to the grid through long-term interconnection agreements, under which transmission-owning utilities (in combination with any ISO in which the utility is a member) agree to construct and maintain system-operated interconnection facilities and provide interconnection service to the facilities. As such, successful and timely completion of EDP's projects and electric sales from EDP's projects are dependent on the performance of EDP's counterparties under the interconnection agreements.

### ***NERC Reliability Standards***

FERC has jurisdiction over all users, owners, and operators of the bulk power system for purposes of approving and enforcing compliance with certain reliability standards. Reliability standards are requirements to provide for the reliable operation of the bulk power system. Pursuant to its authority under the FPA, FERC certified the North American Electric Reliability Corporation ("**NERC**") as the entity responsible for developing reliability standards, submitting them to FERC for approval, and overseeing and enforcing compliance with reliability standards, subject to FERC review. FERC authorised NERC to delegate certain functions to six regional reliability entities. All users, owners and operators of the bulk power system that meet certain materiality thresholds are required to register with the NERC and comply with FERC-approved reliability standards. Violations of mandatory reliability standards may result in the imposition of civil penalties of up to approximately \$1.5 million USD per day per violation. All of EDP's projects in the United States that meet the relevant materiality thresholds are required to comply with applicable FERC-approved reliability standards for Generation Owners and/or Generator Operators. NERC

may also require generators that own certain interconnection facilities to register as Transmission Owners and/or Transmission Operators which may impose additional reliability standards on EDP's projects.

### ***Federal Regulation of Foreign Investment in the United States***

The Committee on Foreign Investment in the United States ("CFIUS") has jurisdiction over foreign investment in a United States business if the investment could threaten U.S. national security. This authority arises out of the Exon-Florio Amendment to the Defense Production Act of 1950, as amended ("**Exon-Florio**"), which generally authorises the President to disrupt or block a transaction that has resulted or could result in a foreign person gaining control of a United States business if the transaction threatens United States national security. Congress most recently amended Exon-Florio through the Foreign Investment Risk Review Modernisation Act ("**FIRRMA**"), which was enacted in August 2018, and with certain new requirements implemented effective February 2020.

The President's and CFIUS's authority under Exon-Florio, and as amended by FIRRMA, generally extends to the following three categories of "covered transactions". First, "covered control transactions" are transactions that could result in a foreign person having, directly or indirectly, control over a U.S. business. Control is defined in functional terms as the power, direct or indirect, to determine, direct or decide important matters affecting an entity.

Second, "covered investments" are non-controlling investments by foreign persons in unaffiliated U.S. businesses involved with "critical technologies," "critical infrastructure" or "sensitive personal data (SPD)" ("**TID U.S. businesses**") where the investor is accorded certain "triggering rights." For CFIUS to have jurisdiction over non-controlling investments in a TID U.S. business, the foreign investor must receive one or more of the following triggering rights in the U.S. business: (i) access to material non-public technical information in possession of the U.S. business related to critical technology or covered investment critical infrastructure; (ii) membership or observer rights on, or the right to nominate an individual to a position on, the board of directors or equivalent governing body of the U.S. business; or (iii) involvement, other than through the voting of shares, in substantive decision-making of the U.S. business regarding the use of SPD of U.S. citizens; the development or release of critical technologies; or the operation or supply of covered investment critical infrastructure.

Third, "covered real estate transactions" are transactions involving the purchase or lease by or concession to a foreign party of real estate located in various sensitive locations within the United States if the purchase, lease or concession affords the foreign party certain property rights.

Generally, notifying CFIUS of a "covered transaction" is voluntary. Clearance by CFIUS generally insulates a transaction from adverse action under the statute. However, if a covered transaction is not notified to and cleared by CFIUS, the transaction is indefinitely susceptible to adverse action under Exon-Florio. In addition, while CFIUS ordinarily only examines transactions that have been notified to it, Exon-Florio authorises CFIUS to examine "non-notified" covered transactions. The Group typically has submitted notices to CFIUS as a covered control transaction when it has acquired new utility scale wind farm, solar park, or electric generating assets or when it has engaged in a covered real estate transaction.

Under FIRRMA, with certain exceptions, transaction parties are required to notify CFIUS of "covered transactions" involving either (a) acquisition of a voting interest of 25 per cent. or more in a U.S. TID business by a foreign person in which a foreign government has a voting interest of 49 per cent. or more; or (b) a controlling or non-controlling investment in a TID U.S. business that produces, designs, tests, manufactures, fabricates or designs one or more critical technologies utilised in connection with the TID U.S. business's activity in one or more of 27 specified industries defined by the North American Industrial Classification System codes or designed by the TID U.S. business specifically for use in one or more of these industries. The Group has not engaged transactions that would require a mandatory filing with CFIUS.

### **3. State Regulations Related to the Electricity Industry**

State regulatory agencies have jurisdiction over the rates and terms of electricity service to retail customers. As noted above, an EWG is not permitted to make retail sales. States may or may not permit QFs to engage in retail sales.

In certain states, approval of the construction of new electricity generating facilities, including renewable energy facilities such as wind farms or solar parks, is obtained from a state agency, with only limited additional ministerial approvals required from state and local governments. However, in many states the permit process for power plants (including wind farms) or ground mount distribution generation also remains subject to land-use and similar regulations of county and city governments. State-level authorisations may involve a more extensive approval process, possibly including an environmental impact evaluation, and are subject to opposition by interested parties or utilities.

#### 4. **Renewable Energy Policies**

The marked growth in the U.S. renewable energy industry has been driven primarily by federal and state government policies designed to promote the growth of renewable energy, including wind and solar power. The primary U.S. federal renewable energy incentive programmes have been the PTC, ITC and MACRS, which allows the accelerated depreciation of certain major equipment components over defined periods. The principal way in which many states have encouraged renewable generation development is through the implementation of renewable portfolio standards ("**RPS**"), under which a utility must demonstrate that a certain percentage of its energy supplied to consumers within the applicable state comes from renewable sources. Under many RPS, a utility may demonstrate its compliance through its ownership of RECs. RECs are generally tradable and considered separate commodities from the underlying power that is generated by the resource. A majority of states, the District of Columbia and three U.S. territories have implemented mandatory RPS requirements, and a number of other states and one U.S. territory have implemented voluntary, rather than mandatory, renewable energy goals. Additionally, some states and localities encourage the development of renewable resources through reduced property taxes, state tax exemptions and abatements, and state grants.

##### *U.S Federal Tax Incentives*

In the United States, the federal government has supported renewable energy primarily through income tax incentives. Historically, the main tax incentives have been the federal PTC, ITC and the five-year accelerated depreciation for eligible assets under MACRS pursuant to the Internal Revenue Code of 1986. The PTC is a per kilowatt-hour tax credit for electricity that is generated by qualified energy resources including onshore wind, and sold by the taxpayer to an unrelated person during the taxable year. In 2009, the American Recovery and Reinvestment Act allowed certain renewable energy projects to elect, in lieu of the PTC, an ITC equal to 30 per cent. of the capital invested in the project. The PTC for wind projects is available for projects that "begin construction" before 1 January 2022. The value of the PTC was reduced by 20 per cent. for projects that "began construction" in 2017 and was reduced by 40 per cent. for projects that "began construction" in 2018 and was reduced by 60 per cent. for projects that began construction in 2019 and is reduced by 40 per cent. for projects that began construction in 2020 and 2021.

Historically, the main federal tax incentives for solar projects have been an ITC equal to 30 per cent. of the capital invested in the project and the five-year accelerated depreciation for eligible assets under MACRS. The 30 per cent. ITC for solar projects was reduced to 26 per cent. for projects that "began construction" in 2021 and 2022 and is scheduled to be reduced to 22 per cent. for projects that "begin construction" in 2023, and to 10 per cent. for projects that "begin construction" after 31 December 2023. With respect to depreciation deductions under MACRS, in February 2008, the Economic Stimulus Act of 2008 provided for a temporary 50 per cent. bonus depreciation with 5-year MACRS utilised to recover the remaining basis for eligible property, including wind and solar property, placed in service before 28 September 2017. In December 2017, The Tax Cuts and Jobs Act ("**TCJA**") expanded bonus depreciation to 100 per cent. for eligible property, including wind and solar property, acquired after 27 September 2017 and placed in service before 1 January 2023. The value of bonus depreciation is scheduled to be reduced for property placed in service in 2023 to 80 per cent., in 2024 to 60 per cent., in 2025 to 40 per cent., and in 2026 to 20 per cent., after which the bonus depreciation expires. As of the date of this Offering Memorandum, there can be no assurance that the bonus depreciation will be extended beyond its current expiration. The TCJA also added a requirement that limits the amount of business interest expense that is deductible to the sum of business interest income plus 30 per cent. of the "adjusted taxable income" (generally, business operating results plus provisions and amortisations and impairments for taxable years beginning before 1 January 2022 and operating results for taxable years beginning on or after that date).

On 16 August 2022, the President of the United States signed the Inflation Reduction Act of 2022 (the "**IRA**"), which extended the PTC at full value for onshore wind projects that are placed in service after 31 December 2021 and began construction before 30 January 2023. For projects beginning construction after



30 January 2023 and before 1 January 2025, a base credit rate of \$0.3 cents per kWh will apply with an additional \$1.2 cents per kWh if the project meets certain prevailing wage and apprenticeship requirements. For projects that begin construction after 31 December 2024 until the later of: (i) 31 December 2032 or (ii) the first year greenhouse gas emissions in the United States are equal to or less than 25 per cent. of U.S. greenhouse gas emissions in 2022; wind, solar, and certain other technologies, which meet specified "qualified facilities" rules will be eligible for a technology-neutral (zero emissions) PTC. The "base credit" will equal to \$0.3 cents per kWh of electrical energy generated. If certain prevailing wage and apprenticeship rules are satisfied, an additional \$1.2 cents per kWh becomes available. The PTC will adjust for inflation. The applicable PTC rate is increased by 10 per cent. for projects that satisfy certain "domestic content requirements" and an additional 10 per cent. increase is available for projects that are located in certain "energy communities." Under the IRA, solar projects and off-shore wind projects are eligible for the current PTC or the technology neutral PTC depending upon the date construction begins as set forth above.

In addition, the IRA provided certain extensions and modification for the ITC. Pursuant to the IRA, solar projects that are "placed in service" after 31 December 2021 and began construction before 30 January 2023, are eligible for the 30 per cent. investment tax credit. Solar projects beginning construction on or after 30 January 2023 and before 1 January 2025 are eligible for a base credit rate of 6 per cent. and an additional 24 per cent. credit rate, if those projects meet certain prevailing wage and apprenticeship requirements. After 31 December 2024, the traditional investment tax credit will be replaced with a technology-neutral (zero emissions) investment tax credit. For projects beginning construction after 31 December 2024 until the later of: (i) 31 December 2032 or (ii) the first year greenhouse gas emissions in the United States are equal to or less than 25 per cent. of the greenhouse gas emissions in 2022; wind, solar, energy storage, and certain other projects, which meet specified "qualified facilities" rules will be eligible for a technology-neutral (zero emissions) investment tax credit. The "base credit" for these solar projects will be equal to 6 per cent. of the ITC eligible cost basis. If certain prevailing wage and apprenticeship rules are satisfied, an additional 24 per cent. investment tax credit becomes available. An additional tax credit equal to 2 per cent (if the base rate applies) or 10 per cent. (if the bonus rate applies) is available for projects that satisfy certain "domestic content requirements." Further, an additional credit equal to 2 per cent. (if the base rate applies) or 10 per cent. (if the bonus rate applies) is available for projects that are located in certain "energy communities." Finally, an additional credit equal to 2 per cent. (if the base rate applies) or 10 per cent (if the bonus rate applies) becomes available if the project is located in a "low-income community" or an additional 20 per cent. becomes available if the project satisfies certain "qualified low income building" or "benefits projects".

The IRA also provides a new mechanism for EDP to monetise certain tax credits. After 31 December 2022, taxpayers may elect to "transfer" or sell certain tax credits to an unrelated taxpayer. Consideration for tax credits that are transferred or sold pursuant to the IRA must be in cash. Consideration will not be treated as income to the transferor/seller of the credits. The consideration is also not deductible by the transferee/purchaser of the credits. The tax credits may only be transferred once and tax credits which have been carried back or carried forward may not be transferred.

EDP's ability to take advantage of the benefits of the PTC, ITC and depreciation incentives is based in part on the investment structures that EDP entered into with institutional investors in the United States (the "**Partnership Structures**"), and with the passage of the IRA, the transferability of those tax credits to unrelated third parties with sufficient tax liability to monetise those credits ("**Transferability Structures**"). Even assuming that the PTC, ITC and depreciation incentives continue to be available in the future, there can be no assurance that: (i) EDP will have sufficient taxable income in the United States to utilise the benefits generated by these tax incentives; (ii) the market to purchase tax credits after 31 December 2022 will be sufficiently developed to sell or transfer the PTC or the ITC; (iii) the Partnership Structures will continue to be respected by the U.S. Internal Revenue Service; (iv) there will be tax equity investors interested in or able to monetise the PTC and ITC; or (v) EDP will otherwise be able to realise the benefits of these incentives. In particular, there can be no assurance that EDP will be able to realise the benefits of these incentives through Partnership Structures or Transferability Structures entered into with investors who offer acceptable terms and pricing (or that there will be a sufficient number of such suitable investors).

### ***State Renewable Portfolio Standards***

In addition to U.S. federal tax incentives, at the state level, RPS provide support for EDP's business by specifying that a certain percentage of a utility's energy supplied to consumers within the state must come from renewable sources (typically between 15 per cent. and 25 per cent. by 2020 or 2025, although recently

some states raised to 50 per cent. or more the target for procurement from renewable or carbon-free sources) and, in certain cases, make provision for various penalties for non-compliance. According to the Database of State Incentives for Renewables and Efficiency, as of June 2022, 43 U.S. states and territories RPS requirements. Within states, municipalities that have authority over electric utilities may also choose to adopt renewable energy incentives. For states with mandatory targets, most state RPS administrators require utilities to secure RECs to demonstrate compliance with the RPS requirement. Although additional states may consider the enactment of an RPS, there can be no assurance that they will decide to do so, or that the existing RPS will not be discontinued or adversely modified.

### ***Permitting and Environmental Compliance***

Construction and operation of generation facilities, including wind, solar and storage facilities as well as the generation and transport of renewable energy are subject to environmental regulation by U.S. federal, state and local authorities. Typically, environmental laws and regulations require a lengthy and complex process for obtaining licences, permits and approvals prior to construction, operation or modification of a project or generating facility. Prior to development, permitting authorities may require that project developers consider and address, among other things, impact on birds, bats and other biological resources, noise impact, paleontological and cultural impact, wetland and water quality impact, compatibility with existing land uses, impact on visual and aesthetic resources, and environmental justice issues. In addition, projects which propose to impact federal land or require some federal licence or permit, or federal funding, generally require the review of the potential environmental effects of the action pursuant to the National Environmental Policy Act ("**NEPA**"), which requires that the public be afforded an opportunity to review and comment on the proposed project. In May 2023, NEPA was substantively amended for the first time in over fifty years. These amendments retained the core scope of the required environmental review while instituting measures that require federal agencies to complete their NEPA reviews on a timelier basis, coordinate the development of a single environmental review document for all federal agency decisions and adhere to professional and scientific integrity and reliable data standards for agency's implementation of their NEPA reviews.

Depending on the species, the U.S. Fish and Wildlife Service ("**USFWS**") and the National Marine Fisheries Service ("**NMFS**") are charged with enforcement of federal environmental laws protecting endangered and threatened species, marine mammals, migratory birds, and bald and golden eagles as well as the habitat supporting such species. The ESA, Marine Mammal Protection Act ("**MMPA**"), Migratory Bird Treaty Act ("**MBTA**") and Bald and Golden Eagle Protection Act ("**BGEPA**") each prohibit the "take" of species protected by the particular statute. Generally, prohibited "take" of species includes activities that kill, injure, or capture a protected species and, for the ESA and MMPA, extend to certain activities that modify habitat or disrupt normal behavioural patterns.

The USFWS has issued voluntary guidelines for land-based wind energy projects, which outline the USFWS regulatory requirements under the ESA, MBTA and BGEPA and provide project developers with guidance as to how to assess potential impacts and avoid or minimise significant adverse impacts of a project on species and habitats. While a project developer who adheres to the USFWS guidelines is not relieved of potential liability should a violation of any of these statutes arise, the USFWS may consider a developer's documented efforts to engage with the agency and follow the guidelines in the scoping of any enforcement action or penalty. Additionally, the USFWS also manages a permitting regime for take of bald and golden eagles, and their nests and eggs under BGEPA through which developers adopt conservation measures to avoid and/or minimise the "take" of eagles to the maximum extent possible. Under the permitting regime, the USFWS may issue an incidental take permit for a set duration, between five and thirty years, depending on the nature of the activities, impact on eagles, and mitigation measure taken by the recipient. Special requirements for avoidance, minimisation, or mitigation measures are required for permits with a duration of greater than five years.

In 2022, USFWS issued a proposed rule to revise the incidental take permitting regime under BGEPA. The proposed rule includes special permitting provisions related to wind-energy facilities. As of July 2023, that proposed rule had not been finalised. Further, in June 2023, the USFWS and NMFS issued proposed changes to their ESA implementing regulations which include modifications to the scope and process for of federal agency consultations under ESA Section 7 and institution of a blanket extension of take prohibitions to threatened species. These proposed rules are currently the subject of public comment. The Bureau of Ocean Energy Management ("**BOEM**"), a federal agency within the DOI, oversees the production, transportation, or transmission of energy from renewable energy projects, including offshore wind projects, which are developed on the Outer Continental Shelf ("**OCS**"). BOEM has authorisation to

issue leases, easements and rights of way to allow for renewable energy development on the OCS. BOEM is required to coordinate with relevant federal agencies and affected state and local governments with respect to leases and grants issued and ensure that renewable energy development takes place in a safe and environmentally responsible manner. In addition, developers of offshore wind projects must comply with the MMPA, which prohibits the "take" of marine mammals. Under the MMPA, USFWS or NMFS can authorise the incidental harassment or incidental take of small numbers of marine mammals if there will be a negligible impact on the species. These authorisations are for a set duration, one to five years depending on the severity and duration of the impact, and include mitigation, monitoring, and reporting measures.

Other federal reviews, permits, or authorisations may be required where a renewable energy project involves or impacts federal lands, federally regulated natural resources, or other areas of federal authority. For example, wind farms with structures which exceed 200 feet in height must meet the lighting and safety regulations of the Federal Aviation Administration. Likewise, wind and solar projects must comply with permitting and mitigation requirements relating to impacts on wetlands, water quality, and wastewater discharge under the Clean Water Act, for project activities that result in discharges to waters of the United States. It is possible that wind farms may in the future be subject to further federal restrictions intended to minimise interferences with military radar systems. Further, the listing of new species and the designation of new or revised critical habitat protected under the ESA could adversely affect new project development and potentially involve new restrictions on existing project operations where there is retained federal discretionary authority associated with the project permit, licence or funding.

Various states have also implemented environmental laws and regulations that impact renewable energy projects. In addition to state permitting regimes for the protection of waterways and other natural resources, certain state environmental laws require the preparation of an environmental assessment or impact report similar to the federal review required under NEPA, while some states require a meeting be held to solicit comments from affected local landowners and local authorities. Some states have also adopted wind energy siting guidelines that may be similar to the USFWS guidelines, sometimes enforced through state environmental processes akin to NEPA review.

The United States is one of the most attractive markets globally for renewable energy generation. According to the American Clean Power Association ("ACP"), the installed capacity of onshore and offshore wind, solar and battery storage is 228 GWs, and in 2022 15 per cent. of U.S. electricity generation came from wind and solar power.

## MANAGEMENT OF EDP

### *Corporate Governance Model*

EDP's shareholders approved its current corporate governance model at the annual general shareholders' meeting (when referring to EDP, the "AGSM") held on 30 March 2006, which entered into force on 30 June 2006. The corporate governance model is structured as a two-tier system, composed of an executive board of directors (the "**Executive Board of Directors**") and a general and supervisory board (the "**General and Supervisory Board**"). The Executive Board of Directors is EDP's managing body and is responsible for its management and for developing and pursuing EDP's strategy.

The Executive Board of Directors must be composed of at least five and no more than nine directors, all of whom undertake executive positions. Under the current mandate of 2021-2023, the Executive Board of Directors is composed of five directors who were elected at the extraordinary general shareholders' meeting held on 19 January 2021. On 13 March 2023, Miguel Nuno Simões Nunes Ferreira Setas resigned as Member of the Executive Board of Directors, with effect when a substitute member is elected at EDP's AGSM. At the General Shareholders' Meeting held on 12 April 2023, Pedro Collares Pereira de Vasconcelos was elected member of the Executive Board of Directors.

The General and Supervisory Board is a supervisory and consulting body and is responsible for, among other things, supervising the Group's activities and reviewing and approving important transactions involving the Group. The General and Supervisory Board must be composed of at least nine members and must at all times have more members than the Executive Board of Directors. All members of the General and Supervisory Board undertake non-executive positions. EDP complies with the corporate governance provisions included in the Portuguese Companies Code and in the Portuguese Securities Code and, since 2018, EDP has adopted the Corporate Governance Code issued and amended from time to time by the Portuguese Institute for Corporate Governance following the entry into force of the Protocol signed on 13 October 2017 between the Portuguese Securities Market Commission ("CMVM") and the Portuguese Institute for Corporate Governance. EDP fully complies with the provisions included in the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance, with the exception of the following recommendation:

#### *Recommendation II.5*

The articles of association, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits. This recommendation has not been adopted on the basis of the considerations below.

Considering the current shareholder structure of EDP, this recommendation does not have any practical applicability. However, over the past few years, the subject of statutory limitation on voting rights has already been discussed by the general shareholders' meeting of EDP on three occasions, the last of which occurred on 24 April 2019.

The shareholders have thus been called on to decide on limiting the number of votes. The continued existence of the limitation has prevailed, and the reflection on the adjustment of the relevant ceiling for counting voting rights has been precisely to progressively increase this level.

The shareholding dynamics of EDP has thus proven to be perfectly in tune with the sense advocated in this recommendation, and to be sufficiently appropriate for pursuing its goals, avoiding rigid formulas for this review set down in the articles of association, which has also fostered a particularly intense scrutiny of this clause by shareholders, and does not constitute an impediment to adequate functioning of the market for corporate control.

These circumstances confirm that the voting cap does not prevent the relevant shareholders' involvement in EDP's corporate governance, again bearing in mind that three resolutions of the general shareholders' meeting have been adopted, from 2011 to 2019, regarding this statutory limitation.

In effect, the voting limitation set forth in article 14 of the articles of association reflects the express wish of EDP's shareholders through the general shareholders' meeting resolutions, in the defence of EDP's

specific interests: (i) the increase of the limit from 5 per cent. to 20 per cent. was approved by the shareholders at the general shareholders' meeting of 25 August 2011, involving the participation of 72.25 per cent. of the share capital and the approval of a majority of 94.16 per cent. of the votes cast; (ii) a subsequent increase to the current 25 per cent. cap was approved at the general shareholders' meeting of 20 February 2012, involving the participation of 71.51 per cent. of the share capital and the approval by a majority of 89.65 per cent. of votes cast and (iii) the removal of the voting cap set out in the articles of association was rejected by a majority of 56.61 per cent. of votes cast, with the participation of 64.29 per cent. of the share capital.

### Executive Board of Directors

The Executive Board of Directors, together with EDP's executive officers, manages EDP's affairs and monitors the daily operation of EDP's activities in accordance with Portuguese law and EDP's articles of association. Executive officers are in charge of EDP's various administrative departments and report directly to the Executive Board of Directors. Companies within the Group are managed by their respective boards of directors. The names of the current directors on the Executive Board of Directors, along with their principal affiliations and certain other biographical information, are set forth below:

Name	Year of Birth	Position	Year Originally Elected	Last Election
Chief Executive Officer				
Miguel Stilwell de Andrade.....	1976	Chairman	2012	2021
Members				
Rui Manuel Rodrigues Lopes Teixeira.....	1972	Executive Director	2015	2021
Vera de Morais Pinto Pereira Carneiro.....	1974	Executive Director	2018	2021
Ana Paula Garrido de Pina Marques .....	1973	Executive Director	2021	-
Pedro Collares Pereira de Vasconcelos .....	1982	Executive Director	2023	-

**Full Name** Miguel Stilwell de Andrade

**Position** Executive Board of Directors Member elected in February 2012, (reappointed in April 2015, April 2018 and January 2021). Interim chairman of the Executive Board of Directors since 6 July 2020 (appointed by the General and Supervisory Board and the Executive Board of Directors) and Chairman of the Executive Board of Directors since January 2021.

**Skills and Experience** MEng with Distinction Mechanic Engineering – Strathclyde University (1998) | MBA - MIT Sloan (2003) | Mergers and Acquisitions – UBS Investment Bank (UK) (1998-2000) | Strategy and Corporate Development Area – EDP (2001-2005) | Head of Strategy and Corporate Development– EDP (2005-2009) | Board of Directors Member – EDP Inovação (2007-2012) | Board of Directors Member – E-Redes and other companies within the Group (2009-2012) | Chairman – InovGrid (2009-2011) | CEO – Naturgás Energia Grupo (2012-2015) | CEO – EDP Comercial and EDP España(2012-2018)– | Vice-Chairman and CEO – EDP Renováveis (2021) | Chairman – EDP Energias do Brasil (2023)

**Current External Appointments** Member of the General Board – AEM – Association of Listed Companies (2021)

**Full Name** Rui Manuel Rodrigues Lopes Teixeira

**Position** Executive Board of Directors Member elected in April 2015 (reappointed in April 2018 and January 2021)

**Skills and Experience** Naval Architecture and Marine Engineering Graduate – Higher Technical Institute (1995) | MBA – Nova University of Lisbon (2001) | Advanced Management Programme – Harvard Business School (2013) | Assistant Director of the Naval Commercial Department – Gellweiler (1996-1997) | Project manager and Ship Surveyor – Det Norske Veritas (1997-2001) | Consultant – McKinsey & Company (2001-2004) | Head of Corporate Control and Planning– EDP (2004-2007) | Board Member – EDP

	Renováveis (2008-2015)   Chairman of the Board of Directors – EDP Produção (2015-2020)   CEO – EDP España (2018 – 2021)   CFO – EDP Renováveis (2019)   CFO – EDP (2021)   Board Member – EDP Brasil (2021)   Executive Board Member – Ocean Wind
<b>Current External Appointments</b>	Board Member - OMEL (2021)   Strategic Board Member – ISEG MBA (2021)   Vice-Chairman of the Board – BCSD Portugal
<b>Full Name</b>	<b>Vera de Morais Pinto Pereira Carneiro</b>
<b>Position</b>	Executive Board of Directors Member elected in April 2018 (and reappointed in January 2021)
<b>Skills and Experience</b>	Economics Degree – Nova University of Lisbon (1996)   Post-graduate in Economics – Nova University of Lisbon (1998)   MBA – INSEAD, Fontainebleau (2000)   Executive Education Program - Harvard Business School (2021)   Associate – Mercer (1996-1999)   Founder – Innovagency Consulting (2001-2003)   Head of Television Business Unit– TV Cabo – PT Multimédia (2003-2007)   Head of Television Business Unit – MEO (2007-2014)   Board Member – Pulsa Media (2014-2018)   Executive Vice-President and General Director (Portugal and Spain) and Member of Executive Leadership Team Europe & Africa - Fox Networks Group (2014-2018)   Board of Directors Chairperson - EDP Comercial (2018)   Commercial <i>Consejera</i> – EDP España (2018)   Chairperson – Fundação EDP (2021)   Board Member - EDP Renováveis (2019)   Board Member - EDP Brasil (2021)
<b>Current External Appointments</b>	Board Member - Portuguese Institute of Corporate Governance (2019)   Board Member – Charge up Europe (2020)   General Board Member - Alfredo de Sousa Foundation (2021)   Board Member - CIP
<b>Full Name</b>	<b>Ana Paula Garrido de Pina Marques</b>
<b>Position</b>	Executive Board of Directors Member elected in January 2021
<b>Skills and Experience</b>	Economics Degree – Faculdade de Economia do Porto (1991-1996)   MBA – INSEAD, France and Singapore (2002)   Executive Education Programs at IMD in Lausanne and Harvard Business School (2005, 2008, 2009)   Marketing at Procter & Gamble (1996-1998)   SMEs Business Unit - Optimus (1998-2001)   Head of Marketing and Sales of the Mobile Residential Business Unit and Head of Brand - Optimus (2002-2008)   Executive Board Member - Optimus (2010-2013)   President of APRITEL (Portuguese Association of Telecom Operators) (2011-2014)   Executive Board of Directors Member - NOS, SGPS, S.A. (2013-2019)   Non-Executive Member of the Board of Directors - SportTV (2016-2020)   Executive Vice-Chairperson - NOS, SGPS, S.A. (2019-2020)   Board Member - EDP Renováveis (2021)   Board Member - EDP Brasil (2021)   CEO – EDP España (2021)   CEO – EDP Produção (2021)   CEO – Labelec (2021)   Board of Directors Chairperson – EDP Brasil (April-July 2023)
<b>Current External Appointments</b>	Chairman of the Governing Board – ELCPOR (2021)   General Board Member – COTEC Portugal (2021)   General Board Member - Portuguese Institute of Corporate Governance (2021)   General Board Member – Porto Business School   Guest Professor – Oporto Faculty of Economics' and Porto Business School   Board Member – Eurelectric   Executive Committee Member - AELEC   Executive Committee Member - Enerclub (Club Español de la Energía)
<b>Full Name</b>	<b>Pedro Collares Pereira de Vasconcelos</b>
<b>Position</b>	Executive Board of Directors Member elected in April 2023

<b>Skills and Experience</b>	Degree in Aerospace Engineering – Instituto Superior Técnico (2005)   MBA – INSEAD (2013)   M&A and Business Development Project Manager – EDP (2007-2009)   Associate seconded by EDP - NGEN Partners (2009-2011)   Chief of Office of the CEO – EDP (2011-2013)   Board of Directors – EDP Internacional (2014-2016)   Director of Solar Strategy – EDP Renováveis (2016-2017)   Director M&A and Business Development – EDP (2017-2022)   Board Member - OW Ocean Winds (2021)   Chief Operating Officer for the Asia-Pacific region – EDP Renováveis (2021)   Management Team Member - EDP Renováveis (2021)   Executive Chairman – EDP Sunseap Group (2021)
<b>Current External Appointments</b>	Board Member - OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.

### General and Supervisory Board

In accordance with the applicable law and EDP's articles of association, the General and Supervisory Board has created specialised committees for dealing with matters of particular importance, which are composed exclusively of Members of the Board itself with appropriate qualifications, experience and availability. Their main mission is to carry out the continuous monitoring of the matters entrusted, in order to facilitate the analysis and main decision-making processes of the General and Supervisory Board.

The General and Supervisory Board holds four specialised committees:

- the Financial Matters Committee / Audit Committee;
- the Remuneration Committee;
- the Corporate Governance and Sustainability Committee; and
- the United States of America Business Affairs Monitoring Committee ("**USA Business Affairs Monitoring Committee**").

In the case of the Financial Matters Committee / Audit Committee and the Remuneration Committee, they were set up in response to legal and statutory requirements. The Corporate Governance and Sustainability Committee and the USA Business Affairs Monitoring Committee were created at the initiative of the General and Supervisory Board.

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>	<u>Year Originally Elected</u>	<u>Last Election</u>
João Luís Ramalho de Carvalho Talone.....	1951	Chairman (Independent)	2021	-
China Three Gorges Corporation (represented by Dingming Zhang) .....	1963	Member (Non-Independent)	2012	2021
China Three Gorges International Limited (represented by Shengliang Wu).....	1971	Member (Non-Independent)	2021	-
China Three Gorges (Europe), S.A. (represented by Ignacio Herrero Ruiz).....	1974	Member (Non-Independent)	2012	2021
China Three Gorges Brasil Energia S.A. (represented by Hui Zhang).....	1976	Member (Non-Independent)	2018 (originally represented by Yinsheng Li)	2021
China Three Gorges (Portugal), Sociedade Unipessoal, Lda. (represented by Miguel Espregueira Mendes Pereira Leite).....	1963	Member (Non-Independent)	2015 (originally represented by Eduardo de Almeida Catroga)	2021
DRAURSA, S.A. (represented by Felipe Fernández Fernández) .....	1952	Member (Non-Independent)	2015	2021
Fernando María Masaveu Herrero.....	1966	Member (Non-Independent)	2012	2021
João Carvalho das Neves .....	1956	Member (Independent)	2015	2021
María del Carmen Fernández Rozado .....	1952	Member (Independent)	2015	2021

<b>Name</b>	<b>Year of Birth</b>	<b>Position</b>	<b>Year Originally Elected</b>	<b>Last Election</b>
Laurie Lee Fitch.....	1970	Member (Independent)	2018	2021
Esmeralda da Silva Santos Dourado.....	1953	Member (Independent)	2021	-
Helena Sofia Silva Borges Salgado Fonseca Cerveira Pinto.....	1970	Member (Independent)	2021	-
Sandrine Dixson-Declève.....	1966	Member (Independent)	2021	-
Zili Shao.....	1959	Member (Independent)	2021	-
Luís Maria Viana Palha da Silva.....	1956	Member (Independent)	2019	2021

**Full name** João Luís Ramalho de Carvalho Talone

**Status** Independent

**Position** General and Supervisory Board Chairman

**Committees** Corporate Governance and Sustainability Committee Chairman | USA Business Affairs Monitoring Committee Chairman.

**Skills and Experience** Assistant Professor of "Operational Research" and "Statistics" – IST (1972-1975) | Invited Auxiliar Professor of "International Finance" – Nova SBE (1985-1987) | Degree in Advanced Management Program - Harvard Business School (2002) | Bachelor's and Master's of Science degree in Civil Engineering - Technical University of Lisbon (1974) | MBA - Nova SBE/Wharton (1982) | International Certificate in Corporate Governance - INSEAD (2018) | Executive Program - Singularity University in Silicon Valley (2020) | Executive Board Member – BCP (1987-2001) | Chairman - Foreign & Colonial in London | Vice-Chairman of Lusotur – Vilamoura | Special Commissioner for the Portuguese Government – IPE (2002-2003) | CEO – EDP – Energias de Portugal, S.A. (2003-2006) | Vice-Chairman – HidroCantábrico (2005-2006) | Co-founder – Hyperion (2006) | Chairman – IBERWIND (2008-2015) (wind energy) | Member - Corporate Finance Standing Committee – ESMA (2010-2013) | Advisory Board member - Banco de Portugal (2018-2020) | Non-executive Board Member – ITA CARE (2019-2021) | Non-executive Board Member – Lexer (2019 – 2021) | Board Member of Alfredo Santos Foundation – Financial Sponsor of Nova SBE (2021) |

**EDP Historic Appointments** General and Supervisory Board Chairman (since April 2021)

**Current External Appointments** Co-founder - Magnum Capital (2006) | Non-executive Board Member – ROQ (2018) | Member - Engineers Academy (2012)

**Full name** Dingming Zhang (representing China Three Gorges Corporation)

**Status** Non-independent

**Position** General and Supervisory Board Member

**Committees** -

**Skills and Experience** Bachelor's degree in Power System and Automation - Huazhong University of Science and Technology (1984) | Master's degree in Management - Huazhong University of Science and Technology (2001) | Deputy Director of Power Production Department - China Three Gorges Corporation (2002) | Executive Vice President - China Yangtze Power Company (2002-2011) | Director - Guangzhou Development Industry



<b>EDP Historic Appointments</b>	General and Supervisory Board Vice Chairman, in representation of China Three Gorges (February 2012 – April 2015)   General and Supervisory Board Member, in representation of CWEI (Europe), S.A. (April 2015 - April 2018)   General and Supervisory Board Member, in representation of China Three Gorges International Corporation (April 2018 - December 2018)   General and Supervisory Board Vice Chairman, in representation of China Three Gorges Corporation (December 2018 – April 2021)
<b>Current External Appointments</b>	President - Beijing Yangtze Power Capital (since 2015)   Vice-President - China Three Gorges Corporation (since 2018)
<b>Full name</b>	<b>Shengliang Wu (representing China Three Gorges International Corporation)</b>
<b>Status</b>	Non-independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	-
<b>Skills and Experience</b>	Bachelor's degree in Engineering –Wuhuan University (1992)   Master's degree in Technical Economics and Management – Chongqing University (2000)   Secretary of Corporate Affairs Department - Gezhouba Hydropower Plant (1998-2000)   Deputy Director of the Board - China Yangtze Power Company (2002-2003)   Director of Capital Operating Department - China Yangtze Power Company (2004-2006)   Executive Vice-President - Beijing Yangtze Power Capital (2006-2011)   Deputy Director of Strategic Planning Department – China Three Gorges Corporation (2011-2015)   Executive Vice-President - China Three Gorges International Corporation (2015-2020)   Chairman - China Three Gorges (Europe), S.A. (2015-2020)   Chairman – China Three Gorges International Limited (2020-to date)
<b>EDP Historic Appointments</b>	General and Supervisory Board Member, in representation of China Three Gorges International (Europe), S.A. (February 2012 – April 2015)   General and Supervisory Board Member, in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda. (April 2015 - April 2018)   General and Supervisory Board Member, in representation of China Three Gorges (Europe), S.A (April 2018 - December 2018)   General and Supervisory Board Member, in representation of China Three Gorges International Corporation, (December 2018 - April 2021)   General and Supervisory Board Member, in representation of China Gorges International Limited, (April 2021 - to date)
<b>Current External Appointments</b>	Chairman - China Three Gorges International Limited (since 2020)  Chairman – China Three Gorges International Corporation (since 2022)
<b>Full name</b>	<b>Ignacio Herrero Ruiz (representing China Three Gorges (Europe) S.A.)</b>
<b>Status</b>	Non-independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Corporate Governance and Sustainability Committee Member
<b>Skills and Experience</b>	Degree in Economics - Carlos III University (Madrid) (1997)   Credit Risk Management Department - Citigroup (1997-1998)   Mergers and Acquisitions Department - Deutsche Bank (1998- 2007)   Mergers and Acquisitions Department - Credit Suisse (2007-2016)

<b>EDP Historic Appointments</b>	General and Supervisory Board Member, in representation of China Three Gorges (Europe), S.A., since December 2018
<b>Current External Appointments</b>	Holds senior positions, outside of the board of directors, at China Three Gorges Corporation (Europe), S.A. (since 2016)
<b>Full name</b>	<b>Hui Zhang (representing China Three Gorges Brasil Energia S.A.)</b>
<b>Status</b>	Non-independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Corporate Governance and Sustainability Committee Member.
<b>Skills and Experience</b>	Bachelor of Economics - Chongqing Institute of Industrial Management (1993-1997)   Master of Science in Management - Zhongnan University of Economics and Law (2006-2008)   Cashier of Operations Section - Gezhouba Power Plant Maintenance Branch – (1997-1998)   Cashier of Finance Section - Gezhouba Power Plant Dajiang Branch - (1998)   Accountant of Operations Section - Gezhouba Power Plant Maintenance Branch (1998-2000)   Accountant of Finance Section - Gezhouba Power Plant Maintenance Branch (2000-2002)   General Accountant of Ledger Statement Supervisor Accounting - China Yangtze Power Co. (2003-2006)   Head of Assets and Insurance of Finance Department - China Yangtze Power Co., Ltd. (2006-2009)   Deputy Director of Xiba Accounting Center - China Yangtze Power Co., Ltd. (2009-2011)   Accounting Director of Finance Department - China Yangtze Power Co., Ltd. (2011-2015)   General auditor of Finance Department - China Yangtze Power Co., Ltd. (2015-2016)   Deputy Manager of Finance Department - China Yangtze Power Co., Ltd. (2016-2017)   Assistant General Manager - Three Gorges Power Co., Ltd. (2017-2018)   Vice General Manager - Three Gorges Power Co., Ltd. (2018-2020)   Deputy Office Director - China Yangtze Power Co., Ltd. Andes Project (2020)   Chief Accountant and Party Committee Member - Shanghai Survey Design and Research Institute Co., Ltd. (2020-2022)
<b>EDP Historic Appointments</b>	General and Supervisory Board Member, in representation of China Three Gorges Brasil Energia S.A., since December 2022
<b>Current External Appointments</b>	Deputy Director of M&A Department - China Three Gorges Corporation (2022)
<b>Full name</b>	<b>Miguel Espregueira Mendes Pereira Leite (representing China Three Gorges (Portugal), Sociedade Unipessoal, Lda.)</b>
<b>Status</b>	Non-independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Remuneration Committee Chairman
<b>Skills and Experience</b>	Degree in Law - Portuguese Catholic University (1987)   Management Course – Executive Program - PBS – Porto Business School (1996)   Founder - Atlantic SGOIC, S.A. (2005)   Chairman and CEO - Morgan Stanley – Portugal SGFIM SA (2001-2003)   Head of Morgan Stanley’s local operation in Portugal (1999 -2003)  Manager - Morgan Stanley – Portugal (Holding) (2001-2003)   Management Committee - Morgan Stanley SV SA (Spain) (2000-2003)   Executive Director - Morgan Stanley International (2001-2003)   Board Member - Banco Chemical Finance (1998-1999)   Member of the Executive Committee - Banco Chemical Finance (1998-1999)   Managing Director - private banking division of Banco Pinto & Sotto Mayor (1996-1999)   Managing Director

	private banking division of Banco Totta & Açores (now Bank Santander Portugal) (1998-1999   Chairman of the Board - M.C. Geste - Asset Management Company (now Santander Gest SGP) (1997-1999)   Private banking director - Millennium BCP (1987-1996)
<b>EDP Historic Appointments</b>	General and Supervisory Board Member, in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda., since April 2021
<b>Current External Appointments</b>	Chairman and CEO - Atlantic SGOIC, S.A. (since 2005)   Board Member - Liminorke S.A. (since 2009)   Member – Oporto Municipal Assembly (since 2009) and Chairman (2014-2021)
<b>Full name</b>	<b>Felipe Fernández Fernández (representing DRAURSA, S.A.)</b>
<b>Status</b>	Non-independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Remuneration Committee Member   USA Business Affairs Monitoring Committee Member
<b>Skills and Experience</b>	Degree in Administrative and Economic Sciences – Bilbao University (1975)   Professor of Business and Economic Faculty – Oviedo University (1984-1990)   Director of Economics and Regional Planning - Principality of Asturias (1984-1990)   Counsellor of Organisation of the Territory and Housing – Principality of Asturias (1990-1991)   Counsellor of countryside and fishing - Principality of Asturias (1991-1993)   Manager on several companies on numerous fields
<b>EDP Historic Appointments</b>	General and Supervisory Board Member in representation of Cajastur Inversiones S.A., (February 2012 - April 2015)   General and Supervisory Board Member, in representation of DRAURSA, S.A., since April 2018 (re-elected in April 2021)
<b>Current External Appointments</b>	Board of Directors Member – Unicaja Banco (since 2011)   Board of Directors Member - Tudela Veguín (since 2011)   Masaveu Inmobiliaria (2014)   Cimento Verde do Brasil (since 2014)
<b>Full name</b>	<b>Fernando María Masaveu Herrero</b>
<b>Status</b>	Non-independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Corporate Governance and Sustainability Committee Member
<b>Skills and Experience</b>	Law Degree – Navarra University (1992)   Chairman on several companies of Masaveu Group in numerous fields such as energy, finance, transport, environment and real state, among others.
<b>EDP Historic Appointments</b>	General and Supervisory Board Member, since February 2012 (re-elected in April 2015, April 2018 and April 2021)
<b>Current External Appointments</b>	Chairman - Masaveu Corporation   Chairman - Cementos Tudela Veguín   Chairman of the Board – Oppidum Capital   Chairman of the American companies - Masaveu Real Estate US Delaware LLC, Oppidum Renewables USA Inc. and Oppidum Green Energy USA LLC   Board Member – American Cement Advisors Inc.   Board Member – EGEO Internacional and EGEO, SGPS   Board Member – EDP España   Joint Manager – Flicka Forestal   Board Member - Bankinter   Executive Committee Member - Bankinter   Remuneration Committee Member – Bankinter   Board Member - Línea Directa Aseguradora   Chairman -

Maria Cristina Masaveu Peterson Foundation | Chairman - San Ignacio de Loyola Foundation | Trustee – Princess Asturias Foundation | Trustee – Pro-RAE Foundation | Delegate Committee Member – Princess of Asturias Foundation | Assets Committee Member – Princess of Asturias – Foundation | Member of the International Council – MET, New York | International Trustee – Friends of the Prado Museum Association

<b>Full name</b>	<b>João Carvalho das Neves</b>
<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Remuneration Committee Member   Financial Matters Committee/Audit Committee Chairman
<b>Skills and Experience</b>	Ph. D. in Business Administration - Manchester Business School Manchester University (1992)   Master in Management/MBA – ISEG – Institute of Economics and Management (1985)   Bachelor in Business Administration – ISEG Institute of Economics and Management - Lisbon University (1981)   Executive training: Finance and Control - IMD (1986)   Management Control - HEC Paris (1987)   International Finance - INSEAD (1987)   Leadership - Kennedy Harvard Government School (2009)   Leadership Development Programme - Creative Leadership Center (2010)   Coaching for Performance - London Business School (2010)   Diploma in Advanced Mindfulness and Emotional Intelligence Teachers Training (2017) - Search Inside Yourself – Leadership Institute (SIYLI) in San Francisco   Professional designations: Certified accountant (1981)   Statutory Auditor (since 1995 and voluntarily suspended since 2022)   FRICS - Fellow of Royal Institution of Chartered Surveyors (2008)   Recognised European Valuer (2018) and Recognised Business Valuer (2021) by TEGoVA   Certified Teacher of MBSR by the University of California San Diego Center for Mindfulness Professional Training Institute (2016)   Vice-President of ISEG School Council (2021-2022)   Head of Scientific Area of Finance of ISEG (2020-2022)   Independent non-executive board member - Montepio - Valor SGOIC (2017-2022) Member of the Board - ERES European Real Estate Society (2019-2021)   President of Central Administration of the Portuguese Health System (2011-2014)   Chairman of the Management Department – ISEG (2010-2011)   Board Member - BPN (2008)   CEO and CFO - SLN (2008-2009)   Chairman of the Management Department - ISEG (2007-2008)   Partner and Statutory Auditor - Neves, Azevedo Rodrigues e Batalha, SROC (1995-2008)   Judicial Manager of Torralta (1993-1998); Casino Hotel de Tróia (1994-1995); TVI (1997-1998)   Associate Consultant - Coopers & Lybrand (1992-1993)   General Manager and Trainer in Finance and Control - CIFAG/IPE (1987-1992)   Trainer for executives in Finance and Control - CIFAG/IPE (1985-1987)   Executive Deputy Controller - Cometna SA (1981-1985)
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2015 (re-elected in April 2018 and April 2021).
<b>Current External Appointments</b>	Board Member (CFO & Chief for Real Estate) – Montepio Geral – Associação Mutualista (since 2022)   President (non-executive) of MGA Montepio Gestão de Activos, SGOIC (since 2022)   Member of the Board of Trustees of Montepio Foundation (since 2022)
<b>Full name</b>	<b>María del Carmen Fernández Rozado</b>
<b>Status</b>	Independent

<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Financial Matters Committee/Audit Committee Member   Corporate Governance and Sustainability Committee Member
<b>Skills and Experience</b>	Degree in Economics and Business Administration and Political Sciences and Sociology - Complutense University of Madrid (1978)   State Tax Inspector (1984)   Account Auditor (1988)   Chief-Inspector in Spanish Ministry of Economy and Finance (1985-1986)   Deputy Head of the State Tax Inspection Office (1987- 1996)   Head of the State Tax Inspection Office (1996-1999)   PhD in Public Finance - Complutense University of Madrid (1998)   President of the Task Force for Renewable Energies, Sustainability and Carbon Markets - ARIAE (1999-2011)   PADE Management Program MBA - IESE Business School (2004-2005)   Member of the Advisory Board - Ernst & Young (2012-2013)
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2015 (re-elected in April 2018 and April 2021)
<b>Current External Appointments</b>	Member of Audit Committee – ACS Group (since 2017)   Member of the executive committee – ACS group (since 2020)   Member of the Appointments and Remuneration Committee – ACS Group   Member of the Board – ACS Group (since 2017)   Member of the board – Primafrío SL. (since 2021)   Member of the Advisory Board - Beragua Capital (since 2015)   Chairman of Audit committee – Primafrío SL (since 2021)   Member of the Appointments and Remuneration Committee – Primafrío SL (since 2021)
<b>Full name</b>	<b>Laurie Lee Fitch</b>
<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Corporate Governance and Sustainability Committee Member   USA Business Affairs Monitoring Committee Member
<b>Skills and Experience</b>	B.A. in Arabic - American University (1991)   M.A. - Georgetown University's School of Foreign Service (1994)   Assistant Vice-President - Bank of New York (1994-2000)   Equity Analysis - Schroders plc (1999-2000)   Equity Analysis - UBS Warburg (2000-2002)   Director of Research, Analyst and Portfolio Manager – CREF investing in the global utilities, renewables and infrastructures sectors - TIAA-CREF (2002-2006)   Partner and Senior Analyst - Artisan Partners - investing in the utilities, renewables, infrastructure and industrials sectors (2006-2011)   Co-Head of Morgan Stanley's Global Industrials Group in the Investment Banking Division (2012-2016)   Partner - PJT Partners (since 2016)   Chairman of the Remuneration Committee and member of the safety and risk Committee - Enquest PLC (2018-2021).
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2018 (re-elected in April 2021)
<b>Current External Appointments</b>	Member of both Audit and Finance & Operations Audit sub-committees - Tate Board of Trustees in London (since 2015)   Trustee of The American University in Cairo (since 2019)   Board Chair of the University's Center for Contemporary Arab Studies   Partner at the investment banking firm PJT Partners (since 2016)
<b>Full name</b>	<b>Esmeralda da Silva Santos Dourado</b>

<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Remuneration Committee Member   USA Business Affairs Monitoring Committee Member
<b>Skills and Experience</b>	Degree in Chemical Industry Engineering – Instituto Superior Técnico (1975)   Advanced Corporate Finance - Harvard University (1985)   Responsible for Industrial area and New Business Development (1978-1985)   Vice-President and Chief Corporate Banking Head - Citibank (1985 – 1990)   Board Member Banco Fonecas & Burnay   Board Member - União de Bancos Portugueses   Boards Member - Interbanco (currently Banco Santander Consumer Portugal)   CEO - SAG SGPS SA Portugal (2000-2009)   CEO - SAG SGPS SA Brazil (2000-2009)   CEO - PARTAC SGPS SA – (2018-2021)   Non-Executive Board Member and Member of the Investment Committee - BCP Capital SA (2013-2020)   Chairwoman - PNCB - Bank Credit Restructuring Platform, A.C.E. (2018-2020)   CEO - FAE - Forum de Administradores e Gestores de Empresas (2007-2013)   Member of Executive Committee - EMCE - Mission Structure for Company Capitalization (2015-2017)   President of Supervisory Board - Fundação Luso-Brasileira (2005)   Member of General Council - IPCG - Instituto Português de Corporate Governance (2010)   CEO - AMC - Associação Missão Crescimento (2013-2015)   Member of the General Council - Universidade de Coimbra (2017-2020)   Non-Executive Board Member and Audit Committee Chairwoman – TAP SGPS SA (2017-2021)
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2021
<b>Current External Appointments</b>	Supervisory Member Board - Mystic Invest Holding SA (since 2018)   Chairwoman Advisory Board ACTIVE CAP – Capital Partners, SA (since 2021)
<b>Full name</b>	<b>Helena Sofia Silva Borges Salgado Fonseca Cerveira Pinto</b>
<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Financial Matters Committee/Audit Committee Member   USA Business Affairs Monitoring Committee Member
<b>Skills and Experience</b>	PhD in Business Studies - Warwick University (UK)   MSc and BSc in Management - Universidade Católica Portuguesa   High Potentials Leadership Program Certificate - Harvard (2012)   International Directors Programme – INSEAD (2019)   Dean - Católica Porto Business School (2013 – 2020)   Professor - Católica Porto Business School (since 2017)   Hospitality and Entertainment Industry   Author of a book, book chapters, articles and opinion articles.
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2021
<b>Current External Appointments</b>	Independent Board Member - Mota-Engil SGPS (since April 2018)   President of the Fiscal Board - Media Capital, SA (since November 2020)   Member of the EQUIS Board - EFMD (since 2019)   Member of the International Advisory Board of 2 international Business Schools in UK (since 2019) and France (since 2020)   Member - Porto Coordination Group of ACEGE (Association of Christian Managers) (since 2013)   Member - Diocesan Commission for the Interreligious Dialogue (since

2020) | Non-executive member of the board at Fundação AEP (since March 2022)

<b>Full name</b>	<b>Sandrine Dixson-Declève</b>
<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Corporate Governance and Sustainability Committee Member
<b>Skills and Experience</b>	Faculty, Cambridge Institute for Sustainability Leadership   Advisory Board, Imperial College, Leonardo Centre on Business and Society   Former Chair, Advisory Board, Bartlett School, University College London (UCL)   Masters in Environmental Sciences   Double BA in International Relations & French Literature   Co-founder - Women Enablers Change Agent Network (since 2017)   Chief Partnership Officer - UN Agency Sustainable Energy for All (2016-2017)   Director - Prince of Wales's Corporate Leaders Group (2009-2016)   EU office - Cambridge Institute for Sustainability Leadership (2009-2016)   Executive Director - Green Growth Platform (2013-2016)   Advising - HRH The Prince of Wales (2009-2016)   Advising - Members of the European Parliament, European Commission Presidents, Commissioners and officials, Governments in Asia, Africa and the Middle East, international organisations (OPEC, ADB, OECD, UNEP, USAID, UNFCCC, IEA) and business leaders of large international, European and African companies (1990-ongoing)   Vice Chair - European Biofuels Technology Platform (2008-2016)   Board member - We Mean Business (2014-2016)   Member - The Guardian's Sustainable Business Advisory Board (2014-2016)   Member of Sustainability Advisory Board - Oil and Gas major Sasol (2007-2010)   Published articles, book chapters and given presentations on green growth and competitiveness, innovation, low carbon energy solutions, climate change, sustainable development, transport, conventional and alternative fuel quality legislation as well as on trade & environment (1990-ongoing)   Recognised by GreenBiz as one of the 30 most influential women across the globe driving change in the low carbon economy and promoting green business Bring together business leaders, policy makers, academia and NGO's   Advisory Board, Laudes Foundation (2021- 2022)   TEG Sustainable Finance Taxonomy and Sustainable Finance Platform (DGFISMA) (2018-2022)   Food Summit Action Track 5 Resilience - United Nations (2020-2021)   Assembly Member - Climate Mitigation & Adaptation Mission (DGR&I) (2019-2020)   Senior Associate - E3G (2017-2021)
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2021
<b>Current External Appointments</b>	Co-President – The Club of Rome (2018-ongoing)   Chair and Expert Group on Economic and Societal Impact of Research & Innovation – European Commission (2020-ongoing)   Senior Associate and faculty Member - Cambridge Institute for Sustainability Leadership (since 2016)   EU Ambassador - Energy Transition Commission (since 2018)   Global Ambassador, Well-being Economy Alliance (since 2020)   Advisory Boards: Climate KIC (since 2018), BMW (since 2020), UCB (since 2020), Leonardo Centre on Business for Society - Imperial College London (since 2022), Laudes Foundation (since 2021), IEEP (since 2020), Friendship Belgium (since 2022)
<b>Full name</b>	<b>Zili Shao</b>

<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	Remuneration Committee Member
<b>Skills and Experience</b>	Bachelor of Laws - China University of Political Science and Law (1980–1984)   LLM - University of Melbourne (1988–1991)   Citic Group, Beijing (1984-1986)   Solicitor - Mallesons Stephen Jaques, Melbourne (1990–1994)   Partner - Allens Arthur Robinson, Sydney (1995-1998)   Partner - Linklaters LLP; Managing Partner of Asia Pacific; Member of Global Management Committee (1998 –2009)   Chairman & CEO - J.P. Morgan China (2010–2014)   Vice Chairman - J.P. Morgan Asia Pacific (2014–2015)   Co-Chairman and partner - King & Wood Mallesons, China (2015–2017)   Qualified lawyer - PRC, UK, HK and Australia.
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2021
<b>Current External Appointments</b>	Independent Director - Bank of Montreal (China) Limited, subsidiary bank of BMO Financial Group (since December 2016)   Independent Director - Yum China Holdings, Inc., listed in New York and Hong Kong Stock Exchanges (since October 2016)   Founder and Chairman - MountVue Capital Management Co. Ltd (since 2017)
<b>Full name</b>	<b>Luís Maria Viana Palha da Silva</b>
<b>Status</b>	Independent
<b>Position</b>	General and Supervisory Board Member
<b>Committees</b>	-
<b>Skills and Experience</b>	Degree in Economics - Higher Institute of Economics (1978)   Degree in Management – Portuguese Catholic University (1981)   CFO – Covina – Companhia Vidreira Nacional, S.A.R.L (1987-1991)   Member of the Board of Directors - IPE – Investimentos e Participações Empresariais, SGPS, S.A. (1991)   Secretary of State for Trade (1991-1995)   CFO – CIMPOR – Cimentos de Portugal, SGPS, S.A. (1997-2001)   CFO and CEO – Jerónimo Martins (2001-2011), Advanced Management Program – University of Pennsylvania (2005)   Vice-Chairman of the Board of Directors - Galp Energia, SGPS, S.A. (2012-2015)   Member of the Board of Directors - Oi, S.A. (2015-2018)   Chairman of the Board - AEM – Associação dos Emitentes Portuguese (2013-2014)   Non-executive Member of the Board of Directors - NYSE Euronext (2011-2016)   Member of the Audit Committee - NYSE Euronext (2013-2014)   Chairman - APETRO – Associação Portuguesa de Empresas Petrolíferas (2012-2015).
<b>EDP Historic Appointments</b>	Independent General and Supervisory Board Member since April 2019 (re-appointed in April 2021)   Chairman of the Board of the General Shareholders' Meeting of EDP since April 2019 (re-appointed in April 2021).
<b>Current External Appointments</b>	Pharol, SGPS, S.A. - Chairman of the Board of Directors and CEO (since 2015)   Bratel B.V. (since 2015)   Bratel S.à.r.l. - Director (since 2018)   Nutrinveste, SGPS, S.A. - Non-executive Board Member (since 2018)   <i>Forum para a Competitividade</i> - Chairman of the Audit Committee of (since 2015).



### **Financial Matters Committee / Audit Committee**

The Financial Matters Committee/Audit Committee is made up of 3 independent members with the appropriate qualifications and experience, including at least one member with a degree in the area of the committee's duties and specific knowledge of auditing and accounting.

In accordance with the articles of association and internal regulations of the Financial Matters Committee/Audit Committee and under the applicable law, this Committee is assigned the following general powers, by delegation of the General and Supervisory Board:

- financial matters and accounting practices;
- internal audit practices and procedures;
- the internal mechanisms and procedures of the Internal Control System for Financial Reporting;
- matters relating to the risk management and control system;
- the activities and mechanisms of the compliance management system;
- the activity and independence of the Statutory Auditor / Order of the Official Chartered Accountants of EDP; and
- the systems for assessing and resolving conflict of interests, particularly with regard to EDP's relations with shareholders.

In view of its duties, the Financial Matters Committee/Audit Committee held sixteen meetings in 2022, as envisaged in its activity plan. The main matters addressed in those meetings were: (i) the supervision of financial and business information; (ii) the monitoring of the internal audit activity, the internal control system for financial reporting, the compliance activity, the risk management activity, the technological and digitisation activity, the ongoing litigation process, the ongoing investments, the customer debt in Portugal, Spain and Brazil, the transactions with related parties and the communications of irregularities; (iii) issue of reports and opinions on the calculation of the key performance indicators for the annual variable remuneration of General and Supervisory Board Members, the interim information and the annual report and accounts; (iv) relationship with the Audit Committees of controlled companies; (v) supervision of the contractual relationship and the activity and independence of the statutory auditor and (vi) participation in the Executive Board of Directors' meetings to assess interim and annual accounts of EDP.

### **Remuneration Committee**

The Remuneration Committee is made up of members of the General and Supervisory Board with the appropriate qualifications and experience, all of whom are independent from the managing body. This committee always has at least one representative present at the AGSM.

In accordance with the Internal Regulations of the Remuneration Committee, this Committee is assigned the following general powers:

- to prepare and propose the policy and corporate objectives regarding the Chairman and Members of the Executive Board of Directors remuneration determination;
- set the Chairman of the Executive Board of Directors and Directors' remuneration;
- monitor and assess the performance of the Chairman of the Board of Directors and directors for purposes of determining variable remuneration; and
- monitor the dissemination of external information on remuneration and the Executive Board of Directors remuneration policy.

According to the articles of association, the Remuneration Committee of the General and Supervisory Board must submit a proposal for the remuneration policy of the members of the Executive Board of Directors to be approved at the general shareholders' meeting, at least every four years and whenever there is a relevant change in the remuneration policy in force.

The Remuneration Committee held six meetings during 2022, as envisaged in its activity plan. The main topics discussed were: (i) definition of key performance indicators and respective weights for calculating the variable annual remuneration of the Executive Board of Directors; (ii) hiring of external consultants for calculating the Executive Board of Directors' variable compensation; (iii) approval of the Remuneration Committee 2021 Activity Report; (iv) analysis of Audit Committee Opinion of Executive Board of Directors Key Performance Indicators; and (v) hiring an external consultant to analyse the evolution of EDP's peer remuneration policies.

### **Corporate Governance and Sustainability Committee**

The Corporate Governance and Sustainability Committee is made up of members of the General and Supervisory Board, the majority of whom are independent, with the appropriate qualifications and experience for their duties.

The Corporate Governance and Sustainability Committee is a specialised committee of the General and Supervisory Board. Its purpose is to monitor and supervise, on a permanent basis, all matters related with the following:

- corporate governance;
- sustainability in all its dimensions;
- internal codes of ethics and conduct;
- systems for evaluating and resolving conflicts of interest in relations between EDP and its shareholders, through the analysis of the proposals for remedies regarding situations reported to this Committee by the Financial Matters Committee / Audit Committee;
- internal proceedings and relationship between EDP and Subsidiary or Group companies and their employees, clients, providers and remaining stakeholders;
- succession plans; and
- the evaluation process of the General Supervisory Board and the different specialised committees.

In the scope of its responsibilities, the Corporate Governance and Sustainability Committee supports the activity of the General and Supervisory Board in the continuous assessment of the management, as well as of the performance of the General and Supervisory Board itself. Based on the work of the Corporate Governance and Sustainability Committee, the General and Supervisory Board annually carries out the above mentioned assessments, which conclusions are included in the annual report of the General and Supervisory Board and presented to the shareholders at the AGSM.

Another two very important activities carried out by the Corporate Governance and Sustainability Committee are the monitoring of the corporate governance practices adopted by EDP and the management of human resources and succession plans.

The functioning of the Corporate Governance and Sustainability Committee is governed by an internal regulation approved by the General and Supervisory Board.

This committee held five meetings during 2022, as envisaged in its activity plan. The following topics (among others) were discussed: (i) ethics in substance and not in form, with the aim of reinforcing a strong ethical culture in order to ensure sustained development in all geographies; (ii) people at the heart of decisions, in order to guarantee the well-being, safety and a varied and balanced journey of its employees; and (iii) generate a positive impact on society, actively contributing to communities leading more sustainable lives.

### **USA Business Affairs Monitoring Committee**

The USA Business Affairs Monitoring Committee is elected by the General and Supervisory Board and composed by a majority of independent members, never less than five, with the qualifications and experience to adequately perform their duties.

The USA Business Affairs Monitoring Committee is responsible for monitoring and assessing the activity undertaken by companies wholly or majority held by and/or subsidiaries of the Group in the United States, namely regarding:

- the strategic/business plans, assessing the different developing scenarios in which they rest and their implementation, including the resources necessary to its execution (human and financial);
- the annual budget;
- the investment, divestment, merger, acquisition and restructuring projects of significant value businesses;
- financing transactions;
- alliances /strategic partnerships entered into and the specific actions deriving therefrom, and evolution of counterpart risks;
- the issuance of prior opinion including in cases of urgency following the requests presented by the Executive Board of Directors;
- the compliance of the assumed commitments regarding public safety; and
- performance, risk assessment, value at risk and the respective management.

The committee is also responsible for defining compliance procedures on the obligations assumed by EDP regarding the development of EDPR's business with respect to the General and Supervisory Board activity.

In 2022, the USA Business Affairs Monitoring Committee held six meetings, as envisaged in its activity plan. The topics discussed were (among others): (i) strategic plan; (ii) investments and disinvestments; (iii) regulatory strategy; (iv) pipeline development; (v) talent and people; (vi) sustainability; (vii) risk management and (viii) financial reporting.

### Executive Officers

The following executive officers of EDP are in charge of various corporate units which report directly to the Executive Board of Directors. Selected information for the executive officers in charge of EDP's principal business activities is set forth below:

<u>Name</u>	<u>Year of Birth</u>	<u>Year of Appointment</u>	<u>Position</u>
<b>Support to Governance Area</b>			
Rita Ferreira de Almeida.....	1977	2021	Company Secretary and Head of the Legal & Governance Corporate Global Unit
Mónica Gameiro .....	1984	2022	Chief of Staff of the CEO Office
Azucena Viñuela Hernández .....	1965	2006	Head of Internal Audit Corporate Global Unit
Rita Sousa .....	1974	2019	Head of Compliance & Internal Control Corporate Global Unit
Maria Manuela Silva.....	1955	2018	Ethics Ombudsman and Head of Ethics Office
<b>Strategic and Financial Area</b>			
Jorge Casillas .....	1974	2021	Head of Energy Planning Corporate Global Unit
André Fernandes .....	1982	2022	Head of M&A and Corporate Development Corporate Global Unit
João Pedro Summavielle.....	1973	2021	Head of Finance Corporate Global Unit
Félix Arribas Arias.....	1967	2022	Head of Consolidation, IFRS Reporting Global Coordination Corporate Global Unit
Rui Antunes.....	1978	2021	Head of Planning & Control Corporate Global Unit
Miguel Viana.....	1972	2006	Head of Investor Relations Corporate Global Unit
<b>Risk and Sustainability Area</b>			

<b>Name</b>	<b>Year of Birth</b>	<b>Year of Appointment</b>	<b>Position</b>
Miguel Viana.....	1959	2021	Head of Sustainability Corporate Global Unit
Rui Eustáquio.....	1980	2021	Head of Risk Corporate Global Unit
Miguel Dias Amaro.....	1967	2021	Head of Safety, Security and Business Continuity Corporate Global Unit
Martim Salgado.....	1984	2021	Head of Social Impact Coordination Office
<b>Regulation and Institutional Relations Area</b>			
Sandra Pinto Ferreira .....	1973	2021	Head of Regulation Corporate Global Unit
Ricardo Ferreira .....	1971	2018	Head of Competition & Energy Policy Corporate Global Unit
Maria Marta Geraldes .....	1983	2022	Head of External Affairs & Stakeholders Corporate Global Unit
<b>Resources Area</b>			
Paula Carneiro.....	1967	2021	Head of People & Organizational Development Corporate Global Unit
João Nascimento .....	1971	2021	Head of Digital Global Unit
<b>Communication and Brand Area</b>			
Rui Cabrita .....	1965	2021	Head of Communication Corporate Global Unit
Catarina Barradas.....	1974	2021	Head of Brand Corporate Global Unit

The business address of each member of the Executive Board of Directors and each executive officer of EDP is Avenida 24 de Julho, 12, 1249 - 300 Lisbon, Portugal. The business address of each member of the General and Supervisory Board is Avenida 24 de Julho, 12, 1249 - 300 Lisbon, Portugal.

#### **Conflicts of Interest**

According to the information provided to EDP, the members of the Executive Board of Directors, the General and Supervisory Board and the executive officers of EDP do not have any conflicts, or any potential conflicts, between their duties to EDP and their private interests or other duties.

## FINANCIAL STATEMENTS OF THE EDP GROUP

The following financial information as of and for the six months ended 30 June 2023 and 30 June 2022 which appears below has been derived from EDP's unaudited consolidated financial statements for the six months ended 30 June 2023 prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") as adopted by the EU and which is included in this Base Prospectus.

The selected consolidated financial information as of and for the financial years ended 31 December 2022 and 2021 which appears below has been derived from EDP's audited consolidated financial statements for the financial years ended 31 December 2022 (and the comparative 2021 period) prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and included elsewhere in this Base Prospectus.

### Consolidated Income Statements

Thousand Euros	Six-month period ended 30 June		Year ended 31 December	
	2023	2022	2022	2021*
	<i>Unaudited</i>			
Revenues from energy sales and services and other .....	8,245,360	10,166,643	20,650,764	14,982,909
Cost of energy sales and other .....	-4,581,206	-7,256,529	-14,529,713	-10,075,747
	<u>3,664,154</u>	<u>2,910,114</u>	<u>6,121,051</u>	<u>4,907,162</u>
Other income .....	211,594	341,265	927,450	1,023,988
Supplies and services .....	-549,106	-492,294	-1,103,668	-888,954
Personnel costs and employee benefits .....	-420,407	-379,218	-770,800	-666,459
Other expenses .....	-468,668	-453,283	-829,724	-727,965
Impairment losses on trade receivables and debtors .....	-32,286	-28,776	-60,199	-32,828
	<u>-1,258,873</u>	<u>-1,012,306</u>	<u>-1,836,941</u>	<u>-1,292,218</u>
Joint ventures and associates .....	48,926	96,220	239,429	108,106
	<u>2,454,207</u>	<u>1,994,028</u>	<u>4,523,539</u>	<u>3,723,050</u>
Provisions .....	-20,976	-2,845	-14,539	-60,510
Depreciation, amortisation and impairment .....	-960,638	-799,592	-1,979,007	-1,731,755
	<u>1,472,593</u>	<u>1,191,591</u>	<u>2,529,993</u>	<u>1,930,785</u>
Financial income .....	698,306	369,855	843,000	364,883
Financial expenses .....	-1,114,401	-754,408	-1,753,220	-875,816
Profit before income tax and CESE .....	<u>1,056,498</u>	<u>807,038</u>	<u>1,619,773</u>	<u>1,419,852</u>
Income tax expense .....	-350,523	-143,866	-398,490	-261,892
Extraordinary contribution to the energy sector (CESE) .....	-49,359	-50,491	-51,534	-53,314
	<u>-399,882</u>	<u>-194,357</u>	<u>-450,024</u>	<u>-315,206</u>
<b>Net profit for the period .....</b>	<b><u>656,616</u></b>	<b><u>612,681</u></b>	<b><u>1,169,749</u></b>	<b><u>1,104,646</u></b>
<b>Attributable to:</b>				
<b>Equity holders of EDP .....</b>	<b>436,759</b>	<b>306,485</b>	<b>679,001</b>	<b>656,717</b>
<b>Non-controlling Interests .....</b>	<b>219,857</b>	<b>306,196</b>	<b>490,748</b>	<b>447,929</b>
<b>Net profit for the period .....</b>	<b><u>656,616</u></b>	<b><u>612,681</u></b>	<b><u>1,169,749</u></b>	<b><u>1,104,646</u></b>
Earnings per share (Basic and Diluted) - Euros .....	0.11	0.08	0.17	0.17

\* Includes restatement originated by changing the classification of the Social Tariff Costs (as described in note 2a the 2022 EDP Financial Statements)

## Consolidated Statements of Financial Position

Thousand Euros	As at 30 June	As at 31 December	
	2023	2022	2021(*)
	<i>Unaudited</i>		
<b>Assets</b>			
Property, plant and equipment .....	25,448,844	24,216,807	21,099,241
Right-of-use assets.....	1,283,852	1,320,270	1,007,029
Intangible assets.....	4,944,306	4,984,002	4,757,493
Goodwill.....	3,422,564	3,469,228	2,379,386
Investments in joint ventures and associates.....	1,679,429	1,605,743	1,350,445
Equity instruments at fair value .....	224,515	216,418	189,942
Investment property.....	27,971	27,294	20,668
Deferred tax assets.....	1,793,917	1,784,292	1,509,092
Debtors and other assets from commercial activities .....	4,886,314	3,772,126	2,668,506
Other debtors and other assets.....	1,990,356	1,924,510	1,841,147
Non-Current tax assets .....	134,501	109,902	173,846
Collateral deposits associated to financial debt .....	44,245	23,765	23,397
<b>Total Non-Current Assets .....</b>	<b>45,880,814</b>	<b>43,454,357</b>	<b>37,020,192</b>
Inventories .....	1,026,329	1,256,300	733,381
Debtors and other assets from commercial activities.....	4,663,424	4,888,220	5,928,004
Other debtors and other assets.....	1,614,234	3,371,795	2,810,855
Current tax assets.....	774,568	814,298	551,842
Collateral deposits associated to financial debt .....	40,986	29,336	26,678
Cash and cash equivalents.....	3,112,574	4,900,205	3,222,409
Non-Current Assets held for sale .....	887,237	101,900	700,791
Total Current Assets .....	12,119,352	15,362,054	13,973,960
<b>Total Assets.....</b>	<b>58,000,166</b>	<b>58,816,411</b>	<b>50,994,152</b>
<b>Equity</b>			
Share capital .....	4,184,022	3,965,681	3,965,681
Treasury stock .....	-49,879	-51,288	-52,660
Share premium .....	1,970,996	1,196,522	1,196,522
Reserves and retained earnings.....	4,155,026	3,093,533	3,556,549
Consolidated net profit attributable to equity holders of EDP .....	436,759	679,001	656,717
Total Equity attributable to equity holders of EDP.....	10,696,924	8,883,449	9,322,809
Non-controlling Interests .....	5,934,206	4,951,159	4,654,756
<b>Total Equity.....</b>	<b>16,631,130</b>	<b>13,834,608</b>	<b>13,977,565</b>
<b>Liabilities</b>			
Financial debt .....	16,495,912	15,782,604	15,299,588
Employee benefits .....	607,235	644,299	940,266
Provisions .....	950,778	922,059	976,588
Deferred tax liabilities .....	1,498,179	1,244,593	989,078
Institutional partnerships in North America.....	2,085,256	2,212,162	2,259,741
Trade payables and other liabilities from commercial activities .....	1,459,647	1,412,454	1,806,925
Other liabilities and other payables.....	3,860,708	5,159,496	3,039,975
Non-current tax liabilities.....	195,009	179,250	124,362
<b>Total Non-Current Liabilities .....</b>	<b>27,152,724</b>	<b>27,556,917</b>	<b>25,436,523</b>
Financial debt .....	3,869,410	4,239,869	1,518,348
Employee benefits .....	145,583	126,767	179,534
Provisions .....	55,492	51,285	110,319
Trade payables and other liabilities from commercial activities .....	6,286,803	8,404,970	6,320,011
Other liabilities and other payables.....	2,366,275	3,600,893	2,781,101
Current tax liabilities .....	1,127,233	1,001,102	582,686
Non-Current Liabilities held for sale .....	365,516	-	88,065
Total Current Liabilities.....	14,216,312	17,424,886	11,580,064
<b>Total Liabilities .....</b>	<b>41,369,036</b>	<b>44,981,803</b>	<b>37,016,587</b>
<b>Total Equity and Liabilities .....</b>	<b>58,000,166</b>	<b>58,816,411</b>	<b>50,994,152</b>

\* Includes restatement originated by changing the classification of the Social Tariff Costs (as described in note 2a the 2022 EDP Financial Statements)

## Consolidated Statements of Cash Flows

Thousand Euros	As at 30 June		As at 31 December	
	2023	2022	2022	2021
	<i>Unaudited</i>			
<b>Operating activities</b>				
Profit before income tax and CESE.....	1,056,498	807,038	1,619,773	1,419,852
Adjustments for:				
Amortisation and impairment .....	960,638	799,592	1,979,007	1,731,755
Provisions .....	20,976	2,845	14,539	60,510
Joint ventures and associates.....	-48,926	-96,220	-208,684	-108,106
Financial (income)/expenses.....	416,095	384,553	910,220	510,933
(Gains) / Losses on disposal and scope effects except				
Asset Rotations .....	-	-	-4,377	-
Changes in working capital:				
Trade and other receivables.....	697,132	391,505	405,817	-1,267,111
Trade and other payables.....	-1,116,394	-243,934	766,260	785,560
Personnel .....	-117,834	-135,161	-142,137	-170,055
Regulatory assets.....	-2,058,086	677,704	502,859	906,892
Other changes in assets/liabilities related with operating				
activities .....	-34,689	-641,283	-1,384,104	-1,184,866
Income tax and CESE .....	-140,222	-20,946	-258,849	-89,845
<b>Net cash flows from operations .....</b>	<b>-364,812</b>	<b>1,925,693</b>	<b>4,200,324</b>	<b>2,595,519</b>
Net (gains) / losses with Asset Rotations .....	-3,872	-99,048	-422,539	-575,610
<b>Net cash flows from operating activities.....</b>	<b>-368,684</b>	<b>1,826,645</b>	<b>3,777,785</b>	<b>2,019,909</b>
<b>Investing activities</b>				
Cash receipts relating to:				
Sale of assets/subsidiaries with loss of control.....	180,298	625,538	1,552,131	763,279
Other financial assets and investments .....	133,576	16,753	82,950	110,545
Other financial assets at amortised cost.....	-	-	-	-
Changes in cash resulting from consolidation perimeter				
variations.....	10,401	166,465	223,391	5,847
Property, plant and equipment and intangible assets.....	30,121	5,694	46,055	98,322
Other receipts relating to tangible fixed assets .....	10,105	6,587	20,198	12,234
Interest and similar income .....	83,440	36,328	101,841	22,996
Dividends.....	28,993	30,723	81,394	53,468
Loans to related parties .....	367,338	252,161	739,957	628,556
	844,272	1,140,249	2,847,917	1,695,247
Cash payments relating to:				
Acquisition of assets/subsidiaries .....	-10,717	-995,656	-1,543,329	-98,381
Other financial assets and investments .....	-235,410	-496,819	-137,970	-507,926
Other financial assets at amortised cost .....	-	-	-	-
Changes in cash resulting from consolidation perimeter				
variations.....	-129	-37,572	-116,281	-26,865
Property, plant and equipment and intangible assets.....	-2,540,878	-1,611,118	-3,499,996	-3,351,506
Loans to related parties .....	-380,884	-627,344	-782,206	-488,519
	-3,168,018	-3,768,509	-6,079,782	-4,473,197
<b>Net cash flows from investing activities.....</b>	<b>-2,323,746</b>	<b>-2,628,260</b>	<b>-3,231,865</b>	<b>-2,777,950</b>
<b>Financing activities</b>				
Receipts relating to financial debt (include Collateral				
Deposits).....	2,657,079	2,742,672	4,448,815	3,080,716
(Payments) relating to financial debt (include Collateral				
Deposits).....	-2,193,420	-968,508	-1,583,281	-2,649,517
Interest and similar costs of financial debt including hedge				
derivatives.....	-441,555	-349,739	-716,454	-481,329
Receipts/(payments) relating to loans from non-controlling				
interests.....	-12,307	241,147	205,145	-53,679
Interest and similar costs relating to loans from non-				
controlling interests.....	-8,369	-8,246	-12,885	-18,244
Receipts/(payments) relating to loans from related parties...	-	-	-5,982	-
Interest and similar costs of loans from related parties				
including hedge derivatives.....	-	-	-111	-
Share capital increases/(decreases) (includes subscribed by				
non-control interests) .....	1,971,957	-56,533	-91,015	1,415,106
Receipts/(payments) relating to derivative financial				
instruments .....	-14,411	-50,376	21,017	10,317
Dividends paid to equity holders of EDP .....	-791,427	-749,802	-749,802	-749,763
Dividends paid to non-controlling interests .....	-107,314	-164,441	-203,827	-135,058
Treasury stock sold/(purchased).....	-1,134	-982	-982	1,365

Thousand Euros	As at 30 June		As at 31 December	
	2023	2022	2022	2021
Receipts/(payments) related with transactions with non-controlling interest without change of control .....	-	-	-	-
Lease (payments) .....	-74,714	-59,039	-133,696	-98,772
Receipts/(payments) from institutional partnerships in North America .....	-49,788	-42,222	-77,385	692,164
<b>Net cash flows from financing activities .....</b>	<b>934,597</b>	<b>533,931</b>	<b>1,099,557</b>	<b>1,013,306</b>
Changes in cash and cash equivalents .....	-1,757,833	-267,684	1,645,477	255,265
Effect of exchange rate fluctuations on cash held .....	47,644	103,845	32,319	28,023
Cash and cash equivalents reclassified as held for sale.....	-77,442	1,811	-	-15,181
Cash and cash equivalents at the beginning of the period.....	4,900,205	3,222,409	3,222,409	2,954,302
<b>Cash and cash equivalents at the end of the period .....</b>	<b>3,112,574</b>	<b>3,060,381</b>	<b>4,900,205</b>	<b>3,222,409</b>



## EDP FINANCE B.V.

### INCORPORATION, DURATION AND DOMICILE

EDP Finance B.V. (hereinafter "**EDP B.V.**"), a wholly-owned subsidiary of EDP, is incorporated under Dutch law as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) in Amsterdam, the Netherlands, on 1 October 1999 for an unlimited period of time.

EDP B.V. has its registered office at Luna ArenA, Herikerbergweg 130, 1101 CM Amsterdam, the Netherlands (telephone number +31 (0)20 575 56 00) and its statutory seat is in Amsterdam, the Netherlands. EDP B.V. is registered in the Commercial Register of the Chamber of Commerce under file number 34121496.

### OBJECTS AND ACTIVITIES

The main objects of EDP B.V. are to assist EDP and the EDP Group in raising funds in the international markets and to provide financial and investment services to group companies.

### SHARE CAPITAL

The authorised share capital of EDP B.V. consists of 80,000 shares of €100 each, of which 20,000 shares have been issued and fully paid up.

### MANAGEMENT

The management of EDP B.V. is conducted by a management board that may consist of one or more members. Members of the management board are elected by a general meeting of the shareholders of EDP B.V. and may be recalled from this position at any time.

The current management board is composed of three members: EDP, Luís Miguel da Silva Leite, Diederik Christiaan Hiebendaal and TMF Netherlands B.V. Details of the directors of EDP can be found in "*Management of EDP*".

The details of the individual directors of EDP B.V. are as follows:

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>	<u>Elected</u>
Luís Miguel da Silva Leite	1979	Director	2023
Diederik Christiaan Hiebendaal	1974	Director	2022

TMF Netherlands B.V. may be represented by:

- (i) any two managing directors acting jointly;
- (ii) any proxy holder A acting jointly with a managing director or a proxy holder A or a proxy holder B; or
- (iii) any proxy holder B acting jointly with a managing director or a proxy holder A.

Full details of all appointed managing directors, proxy holders A and proxy holders B can be found in the register entry for TMF Netherlands B.V. in the Commercial Register of the Chamber of Commerce under file number 33126512.

The contact address for the managing directors, proxy holders A and proxy holders B of TMF Netherlands B.V. (including the individual directors of EDP B.V.) is Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands (telephone number: +31 (0)20 575 56 00).

EDP B.V. may be legally represented by the entire management board, being EDP, Mr. da Silva Leite, Mr. Hiebendaal and TMF Netherlands B.V., acting jointly, or by two members of the management board acting jointly.

The principal outside activity of Mr. da Silva Leite and Mr. Hiebendaal are as employees of TMF Netherlands B.V., a global entity management company established in the Netherlands in 1970 whose principal outside activities are the provision of corporate secretarial and administrative services to businesses, companies and other forms of enterprises.

For details of the outside activities of EDP please see "*EDP and the EDP Group*" above.

#### **CONFLICTS OF INTEREST**

The members of the management board of EDP B.V. do not have any conflicts, or any potential conflicts, between their duties to EDP B.V. and their private interests or other duties.

#### **ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**

The annual general meeting of shareholders must be held in Amsterdam, the Netherlands, within six months following the end of each fiscal year. Each outstanding share is entitled to one vote.

#### **FINANCIAL STATEMENTS AND DISTRIBUTION OF PROFITS**

EDP B.V.'s fiscal year coincides with the calendar year. The annual general meeting of the shareholders shall determine the allocation of the accrued profits.

The 2022 EDP B.V. Financial Statements and the 2021 EDP B.V. Financial Statements are prepared in accordance with the IFRS as adopted by the EU. EDP B.V.'s unaudited and unreviewed financial statements for the six month period ended 30 June 2023 are prepared in accordance with IAS 34 "Interim Financial Reporting" ("**IAS 34**") as adopted by the EU.

## EDP SERVICIOS FINANCIEROS ESPAÑA, S.A.U.

### INCORPORATION, DURATION AND DOMICILE

EDP Servicios Financieros España, S.A.U. ("**EDP SFE**"), a wholly-owned subsidiary of EDP – Energias de Portugal Sociedad Anónima Sucursal en España, which is EDP's branch in Spain ("**EDP Sucursal**"), is incorporated under Spanish law as a public limited liability company (*sociedad anónima*) and was incorporated in Oviedo, Spain, on 5 March 1992 for an unlimited period of time.

EDP SFE has its registered office at Plaza del Fresno 2 33007, Oviedo, Spain (telephone number +34 902 830 100). EDP SFE is governed by the Restated Spanish Companies Act (*Texto Refundido de la Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July 2010 (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*), as amended and its Spanish tax identification number is A33359563.

### OBJECTS AND ACTIVITIES

The main objects of EDP SFE are to assist the EDP Group by engaging in financial market activities to obtain funds and resources with which to fund the activities of the Group.

### SHARE CAPITAL

The authorised share capital of EDP SFE consists of 171,382 shares of €60.10 each, of which all shares have been issued and fully paid up. The sole shareholder of the shares is EDP Sucursal.

### MANAGEMENT

The management of EDP SFE is conducted by a management board that may consist of at least three members. Members of the management board are elected by a general meeting of the shareholders of EDP SFE and may be recalled from this position at any time.

The current management board is composed of three members: Luis Álvarez Arias de Velasco, Valentín Valcuende Rodríguez and Celma Joao Batista Pires.

The details of the individual directors of EDP SFE are as follows:

<u>Name</u>	<u>Year of Birth</u>	<u>Position</u>	<u>Elected</u>
Luis Álvarez Arias de Velasco	1958	Director	2022
Valentín Valcuende Rodríguez	1964	Director	2021
Celma Joao Batista Pires	1978	Director	2022

The contact address for the directors is Plaza del Fresno 2 33007, Oviedo, Spain. Full details of all appointed managing directors, can be found in the register entry for EDP Servicios Financieros España, S.A.U. in the Asturias Companies Registry in volume 3642, sheet 190, page AS-3735.

The principal outside activity of Luis Álvarez Arias de Velasco and Valentín Valcuende Rodríguez are as employees of EDP Sucursal. Celma Joao Batista Pires principal outside activity is as an employee of EDP.

### CONFLICTS OF INTEREST

The members of the management board of EDP SFE do not have any conflicts, or any potential conflicts, between their duties to EDP SFE and their private interests or other duties.

### ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

The annual general meeting of shareholders must be held in Oviedo (Asturias), Spain, within six months following the end of each fiscal year. Each outstanding share is entitled to one vote.

## **FINANCIAL STATEMENTS AND DISTRIBUTION OF PROFITS**

EDP SFE's fiscal year coincides with the calendar year. The annual general meeting of the shareholders shall determine the allocation of the accrued profits.

The 2022 EDP SFE Financial Statements and the 2021 EDP SFE Financial Statements are prepared in accordance with accounting principles generally accepted in Spain ("**Spanish GAAP**") and have been drawn in compliance the Spanish National Chart of Accounts introduced under Royal Decree 1514/2007, as amended, most recently by Royal Decree 1/2021 of 12 January. EDP SFE does not prepare interim financial information.

## TAXATION

The following is a general description of certain Dutch, Portuguese and Spanish tax considerations relating to the Instruments. It does not purport to be a complete analysis of all tax considerations relating to the Instruments. Prospective purchasers of Instruments should consult their tax advisers as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of the Netherlands and/or Portugal of acquiring, holding and disposing of Instruments and receiving payments of interest, principal and/or other amounts under the Instruments. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### Portugal

The following is a general summary of the Issuers' understanding of current law and practice in Portugal as in effect as at the date of this Base Prospectus in relation to certain current relevant aspects of the Instruments to Portuguese taxation and is subject to changes in such laws, including changes that could have a retroactive effect. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any Beneficial Owner of Instruments. It does not take into account or discuss the tax laws of any country other than Portugal and relates only to the position of persons who are the absolute beneficial owners of Instruments. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences resulting from the purchase, ownership and disposition of Instruments, including the effect of any state or local taxes, under the tax laws of Portugal and each country where they are resident, or are deemed to be resident.

The reference to "**interest**", "**other investment income**" and "**capital gains**" in the paragraphs below means "**interest**", "**other investment income**" and "**capital gains**" as understood in Portuguese tax law. The statements below do not take into account any different definitions of "**interest**", "**other investment income**" or "**capital gains**" which may prevail under any other law or which may be created by the Conditions of the Instruments or any related documentation.

The summary below in relation to Instruments issued by EDP B.V. and by EDP assumes that such Instruments would be treated by the Portuguese tax authorities as corporate bonds (*obrigações*) as defined under Portuguese law. If the Portuguese tax authorities do not treat the Instruments as *obrigações*, no assurance can be given that the same tax regime will apply.

#### *Instruments issued by EDP B.V.*

Interest and other investment income obtained by Portuguese resident individuals on Instruments issued by EDP B.V. are subject to individual income tax. If the payment of interest or other types of investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to aggregate it to his taxable income, subject it to tax at progressive rates varying from 14.5 per cent. up to 48 per cent. In the latter circumstance, a solidarity surcharge is due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Also, in case the individual elected to aggregate the interest and other investment income, the tax withheld is deemed a payment on account of the final tax due. Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply. If the interest and other investment income on the Instruments is not received through an entity located in Portugal, it is not subject to Portuguese withholding tax, but an autonomous taxation rate of 28 per cent. will apply unless an option for aggregation is made, subject to the aforementioned progressive tax rates and a solidarity surcharge.

Gains obtained with the repayment of Instruments are classified as capital gains for Portuguese tax purposes.

Capital gains obtained by Portuguese resident individuals on the repayment or transfer of the Instruments are taxed at a rate of 28 per cent. levied on the positive difference between the capital gains and capital

losses realised on the transfer of securities and derivatives of each year, which is the final tax on that income, unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, a solidarity surcharge is due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Accrued interest qualifies as interest for tax purposes. From 1 January 2023 onwards, the positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities, which includes gains obtained on the disposal or the refund of Instruments, is mandatorily included in the annual taxable income and taxed at progressive rates if the assets have been held for less than 365 days and the taxable income of the taxpayer, including the balance of the capital gains and capital losses, amounts to or exceeds €78,834.

Interest and other investment income derived from the Instruments and capital gains obtained with the transfer of the Instruments by legal persons resident for tax purposes in mainland Portugal and by non-resident legal persons with a permanent establishment therein to which the income or gains are attributable are included in their taxable profits and are subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €50,000 of taxable income obtained by small and medium sized companies or small and mid-capitalisation companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of their taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 9 per cent. on taxable profits in excess of €35,000,000.

The acquisition of Instruments through gift or inheritance by a legal person resident in mainland Portugal or non-resident legal person acting through a permanent establishment therein is subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €50,000 of taxable income obtained by small and medium sized companies or small and mid-capitalisation companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of their taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 9 per cent. on taxable profits in excess of €35,000,000.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

There is neither wealth nor estate tax in Portugal.

Payments made by EDP B.V. of interest, other investment income or principal on Instruments issued by it to an individual or legal person non-resident in Portugal for tax purposes without a permanent establishment to which such income may be attributable are not subject to Portuguese income tax.

Capital gains obtained on the transfer of an Instrument by an individual or a legal person who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese income tax.

#### ***Instruments issued by EDP SFE***

Interest and other investment income obtained by Portuguese resident individuals on Instruments issued by EDP SFE are subject to individual income tax. If the payment of interest or other types of investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to aggregate it to his taxable income, subject it to tax at progressive rates varying from 14.5 per cent. up to 48 per cent. In the latter circumstance, a solidarity surcharge is due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Also, in case the individual elected to aggregate the interest and other investment income, the tax withheld is deemed a payment on account of the final tax due. Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more

accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at a rate of 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply. If the interest and other investment income on the Instruments is not received through an entity located in Portugal, it is not subject to Portuguese withholding tax, but an autonomous taxation rate of 28 per cent. will apply unless an option for aggregation is made, subject to the aforementioned progressive tax rates and a solidarity surcharge.

Gains obtained with the repayment of Instruments are classified as capital gains for Portuguese tax purposes.

Capital gains obtained by Portuguese resident individuals on the repayment or transfer of the Instruments are taxed at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and derivatives of each year, which is the final tax on that income, unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, a solidarity surcharge is due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Accrued interest qualifies as interest for tax purposes. From 1 January 2023 onwards, the positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities, which includes gains obtained on the disposal or the refund of Instruments, is mandatorily included in the annual taxable income and taxed at progressive rates if the assets have been held for less than 365 days and the taxable income of the taxpayer, including the balance of the capital gains and capital losses, amounts to or exceeds €78,834.

Interest and other investment income derived from the Instruments and capital gains obtained with the transfer of the Instruments by legal persons resident for tax purposes in mainland Portugal and by non-resident legal persons with a permanent establishment therein to which the income or gains are attributable are included in their taxable profits and are subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €50,000 of taxable income obtained by small and medium sized companies or small and mid-capitalisation companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of their taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 9 per cent. on taxable profits in excess of €35,000,000.

The acquisition of Instruments through gift or inheritance by a legal person resident in mainland Portugal or non-resident legal person acting through a permanent establishment therein is subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €50,000 of taxable income obtained by small and medium sized companies or small and mid-capitalisation companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of their taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 9 per cent. on taxable profits in excess of €35,000,000.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

There is neither wealth nor estate tax in Portugal.

Payments made by EDP SFE of interest, other investment income or principal on Instruments issued by it to an individual or legal person non-resident in Portugal for tax purposes without a permanent establishment to which such income may be attributable are not subject to Portuguese income tax.

Capital gains obtained on the transfer of an Instrument by an individual or a legal person who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese income tax.

***Instruments issued by EDP not integrated in a centralised control system foreseen under Decree-Law no. 193/2005, of 7 November 2005***

Interest and other types of investment income obtained on Instruments by a Portuguese resident individual are subject to individual income tax. If the payment of interest or other investment income is made available to individuals resident in mainland Portugal, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, a solidarity surcharge is due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Also, in case the individual elects to aggregate the interest and other investment, the tax withheld is deemed a payment on account of the final tax due.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

In the case of Zero Coupon Instruments, the difference between the redemption value and the subscription cost is qualified as investment income and is also subject to Portuguese income tax.

Gains obtained with the repayment of Instruments are classified as capital gains for Portuguese tax purposes.

Capital gains obtained by individuals resident in mainland Portugal on the repayment or transfer of Instruments are taxed at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and derivatives of each year, which is the final tax on that income, unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, a solidarity surcharge is due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Accrued interest qualifies as interest for tax purposes. From 1 January 2023 onwards, the positive balance between capital gains and capital losses arising from the transfer for consideration of shares and other securities, which includes gains obtained on the disposal or the refund of Instruments, is mandatorily included in the annual taxable income and taxed at progressive rates if the assets have been held for less than 365 days and the taxable income of the taxpayer, including the balance of the capital gains and capital losses, amounts to or exceeds €78,834.

Interest and other investment income derived from Instruments and capital gains obtained with the repayment or transfer of Instruments by legal persons resident for tax purposes in mainland Portugal and by non-resident legal persons with a permanent establishment therein to which the income or gains are attributable are included in their taxable income and are subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €50,000 of taxable income obtained by small and medium sized companies or small and mid-capitalisation companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and at 9 per cent. on taxable profits in excess of €35,000,000. Withholding tax at a rate of 25 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due. Financial institutions subject to Portuguese corporate income tax (including branches of foreign financial institutions located in Portugal), and *inter alia* pension funds, retirement savings funds, venture capital funds and collective investment undertakings constituted under the laws of Portugal are not subject to withholding tax.

Interest and other types of investment income obtained by non-resident legal persons without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 25 per cent., which is the final tax on that income. Interest and other types of investment income obtained by non-resident individuals without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 28 per cent., which is the final tax on that income. The rate is 35 per



cent. in the case of individuals or legal persons domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial order no. 150/2004, of 13 February, as amended from time to time. Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax of 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under the tax treaties entered into by Portugal which are in full force and effect as of the date of this Base Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and **provided that** the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes were approved and are available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

Income paid to an associated company of EDP which is resident in the EU is exempt from withholding tax.

For these purposes, an associated company of EDP is:

- (i) a company which is subject to one of the taxes on profits listed in Article 3(a)(iii) of Council Directive 2003/49/EC without being exempt, which takes one of the forms listed in the Annex to that Directive, which is considered to be resident in an EU Member State and is not, within the meaning of a double taxation convention on income concluded with a third state, considered to be resident for tax purposes outside the EU;
- (ii) a company which holds a minimum direct holding of 25 per cent. of EDP's share capital, or a company whose share capital is directly held at least by 25 per cent. by EDP, or a company whose share capital is directly held at least 25 per cent. by a third company which also directly holds at least 25 per cent. of the share capital of EDP; and
- (iii) **provided that** the holding has been maintained for an uninterrupted period of at least two years, if the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of EDP to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own account and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person and shall comply with formalities and procedures required under Portuguese law to benefit from such EU withholding tax exemption.

The exemption from withholding tax may take place at source or through the refund of tax withheld. The forms currently applicable for these purposes are available for viewing and downloading at [www.portaldasfinancas.gov.pt](http://www.portaldasfinancas.gov.pt).

Capital gains obtained on the repayment or transfer of Instruments by non-resident individuals without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation unless the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "**low tax jurisdictions**" list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*) amended from time to time. If the exemption does not apply, the gains will be subject to personal income tax at a rate of 28 per cent. However, under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis. Accrued interest does not qualify as capital gains for tax purposes.

Capital gains obtained on the repayment or disposal of Instruments by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the beneficial owner is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "**low tax jurisdictions**" list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*) as amended. For the first exception the capital gains are still exempt if the following requirements are cumulatively met: (i) the beneficial owner is resident in an EU Member State, in an European Economic

Area Member State which is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States, or in a country with which Portugal has a double tax treaty in force which foresees the exchange of information; (ii) the beneficial owner is subject and not exempt from a tax referred to in article 2 of Council Directive 2011/96/UE of 30 November 2011, or from a tax of similar nature with a rate not lower than 60 per cent. of the Portuguese IRC rate (currently 12.6 per cent.); (iii) the beneficial owner holds, directly or indirectly, at least 10 per cent. of the share capital or voting rights for at least 1 year uninterruptedly of the entity disposed; (iv) the beneficial owner is not part of an arrangement or series of arrangements which have been put into place for the main purpose or one of the main purposes of obtaining a tax advantage. If the exemption does not apply, the gains will be subject to corporate income tax at a rate of 25 per cent. However, under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

Stamp Duty at a rate of 10 per cent. applies to the acquisition through gift or inheritance of Instruments by an individual who is resident for tax purposes in Portugal. An exemption applies to transfers in favour of the spouse, de facto spouse, descendants and parents/grandparents. The acquisition of Instruments through gift or inheritance by a legal person resident in mainland Portugal or a non-resident legal person acting through a permanent establishment therein is subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €50,000 of taxable income obtained by small and medium sized companies or small and mid-capitalisation companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (derrama municipal) of up to 1.5 per cent. of its taxable income may be added. A state surcharge (derrama estadual) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 9 per cent. on taxable profits in excess of €35,000,000.

No Stamp Duty applies to the acquisition through gift and inheritance of Instruments by an individual who is not resident for tax purposes in Portugal. The acquisition of Instruments through gift or inheritance by a non-resident legal person is subject to corporate income tax at a rate of 25 per cent. However, under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

There is neither wealth nor estate tax in Portugal.

***Instruments issued by EDP integrated in a centralised control system foreseen under Decree-Law no. 193/2005, of 7 November 2005***

The regime described above under "*Instruments issued by EDP not integrated in a centralised control system foreseen under Decree-Law no. 193/2005, of 7 November 2005*" corresponds to the general tax treatment of investment income and capital gains on Instruments issued by a Portuguese corporate entity and to the acquisition through gift or inheritance of such Instruments.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-Law no. 193/2005, of 7 November 2005, as amended from time to time (hereafter "**the special regime approved by Decree-Law no. 193/2005**"), investment income paid on, as well as capital gains derived from, a sale, repayment or other disposition of the Instruments, to non-Portuguese resident beneficial owners will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States, or (iii) integrated in other centralised systems not covered above **provided that**, in this last case, the Portuguese government authorises the application of Decree-Law no.193/2005, and the beneficiaries are:

- (i) central banks or governmental agencies; or
- (ii) international bodies recognised by the Portuguese Republic; or
- (iii) entities resident in countries or jurisdictions with whom Portugal has in force a double tax treaty or a tax information exchange agreement; or

- (iv) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial order no. 150/2004, of 13 February, as amended from time to time.

For purposes of application at source of this tax exemption regime, Decree-Law no.193/2005 requires completion of certain procedures and the provision of certain information. Under these procedures (which are aimed at verifying the non-resident status of the holder), the beneficial owner is required to hold the Instruments through an account with one of the following entities:

- (i) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;
- (ii) an indirect registered entity, which, although not assuming the role of the "**direct registered entities**", is a client of the latter; or
- (iii) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

The special regime approved by Decree-Law no. 193/2005 sets out the detailed rules and procedures to be followed on the proof of non-residence by the beneficial owners of the Instruments to which it applies.

Under these rules, the direct register entity is required to obtain and retain proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Instruments), and, in the case of domestically cleared Instruments, prior to the transfer of Instruments, as the case may be.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

(a) **Domestically Cleared Instruments**

The beneficial owner of Instruments must provide proof of non-residence in Portuguese territory substantially in the terms set forth below:

- (i) If a holder of Instruments is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese state, a declaration of tax residence issued by the holder of Instruments, duly signed and authenticated or proof pursuant to the terms of paragraph (iv) below.
- (ii) If the beneficial owner of Instruments is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the holder of Instruments and its domicile; or (C) proof of non-residence, pursuant to the terms of paragraph (iv) below.
- (iii) If the beneficial owner of Instruments is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation and domicile; or (B) proof of non-residence pursuant to the terms of paragraph (iv) below.
- (iv) In any other case, confirmation must be made by way of: (A) a certificate of residence or equivalent document issued by the relevant tax authorities or; (B) a document issued by the relevant Portuguese consulate certifying residence abroad; or (C) a document

specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence. For these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable. There are rules on the authenticity and validity of the documents, in particular that the holder of Instruments must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period starting on the date such document is issued.

In the cases referred to in paragraphs (i), (ii) and (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption. The holder of Instruments must inform the register entity immediately of any change that may preclude the tax exemption from applying.

(b) **Internationally Cleared Instruments**

If the Instruments are registered in an account with an international clearing system, prior to the relevant date for payment of any interest or the redemption date (for Zero Coupon Instruments), the entity managing such system is to provide to the direct register entity or its representative the identification and number of securities, as well as the amount of income payable and, when applicable, the amount of tax to be withheld, itemised by type of beneficial owner, as follows:

- (i) Entities with residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income is attributable which are not exempt from tax and are subject to withholding tax;
- (ii) Entities which have residence, headquarters, effective management or permanent establishment in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004, of 13 February, as amended from time to time, which are not exempt from tax and are subject to withholding tax;
- (iii) Entities with residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income is attributable which are exempt from tax or not subject to withholding tax; and
- (iv) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income would be attributable in the Portuguese territory.

In addition, the international clearing system managing entity is to provide to the direct register entity, in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the special regime approved by Decree-law no. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by Decree-law no. 193/2005. The refund claim is to be submitted to the direct register entity of the Instruments within six months from the date the withholding took place. The refund of withholding tax after the above six-month period is to be claimed to the Portuguese tax authorities through an official form available at <http://www.portaldasfinancas.gov.pt>, within two years from the end of the year in which tax was withheld. The refund is to be made within three months, after which interest becomes due.

### ***Administrative cooperation in the field of taxation***

The Council Directive 2014/107/EU of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was transposed into the Portuguese Law through Decree-Law no. 64/2016, of 11 October. Under such law, the Issuer will be required to collect information regarding certain accountholders and report such information to Portuguese Tax Authorities – which, in turn, will report such information to the relevant Tax Authorities of EU Member States or third States which have signed the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information for the Common Reporting Standard.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others. In view of the regime enacted by Decree-Law no. 64/2016, of 11 October, as amended from time to time, all information regarding the registration of the financial institution, the procedures to comply with the reporting obligations arising thereof and the applicable forms were approved by Ministerial Order (*Portaria*) no. 302-B/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-C/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-D/2016, of 2 December 2016, all as amended or rectified from time to time, and Ministerial Order (*Portaria*) no. 302-E/2016, of 2 December 2016.

### ***Foreign Account Tax Compliance Act – Portugal***

The United States has reached a Model 1 intergovernmental agreement with Portugal, signed on 6 August 2015 and ratified by Portugal on 5 August 2016 and which has entered into force on 10 August 2016. Portugal has implemented, through Law 82-B/2014, of 31 December, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. Through Decree-Law no. 64/2016, of 11 October, as amended, and Ministerial Order (*Portaria*) no. 302-A/2016, of 2 December 2016, as amended, the Portuguese government approved the complementary regulation required to comply with FATCA. Under the referred legislation the Issuer is required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the United States Internal Revenue Service.

## **The Netherlands**

### ***General***

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of the Instruments, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. For purposes of Dutch tax law, a holder of Instruments may include an individual or entity who does not have the legal title of these Instruments, but to whom or to which nevertheless the Instruments or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Instruments or the income thereof. For the purpose of the Dutch tax consequences described herein, it is assumed that EDP and/or EDP SFE are neither a (deemed) resident of the Netherlands nor have a permanent establishment in the Netherlands to which the Instruments are attributed. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of the Instruments.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

- (i) holders of Instruments holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Instruments of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold: (1) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer; (2) rights to acquire, directly or indirectly, such interest; or (3) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*);
- (iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or exempt from Dutch corporate income tax;
- (iv) persons to whom the Instruments and the income therefrom are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*);
- (v) entities which are a resident of Aruba, Curaçao or Sint Maarten and that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Instruments are attributable to such permanent establishment or permanent representative; and
- (vi) individuals to whom the Instruments or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to "the Netherlands" or "Dutch", such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

This summary does not describe the consequences of the exchange or conversion of the Instruments.

### ***Dutch Withholding Tax***

With respect to Instruments issued by EDP B.V., all payments made by EDP B.V. under the Instruments may - except in certain very specific cases as described below - be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, **provided that** the Instruments do not in fact function as equity of EDP B.V. within the meaning of article 10, paragraph 1, under 'd' of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Dutch withholding tax may apply on certain (deemed) interest due and payable by EDP B.V. to an affiliated (*gelieerde*) entity of EDP B.V. if such entity (i) is considered to be resident (*gevestigd*) in a jurisdiction that is listed in the yearly updated Dutch Regulation on low-taxing states and non-cooperative jurisdictions for tax purposes (*Regeling laagbelastende staten en niet-coöperatieve rechtsgebieden voor belastingdoeleinden*), or (ii) has a permanent establishment located in such jurisdiction to which the interest is attributable, or (iii) is entitled to the interest payable for the main purpose or one of the main purposes to avoid taxation of another person, or (iv) is not considered to be the recipient of the interest in its jurisdiction of residence because such jurisdiction treats another (lower-tier) entity as the recipient of the interest (hybrid mismatch), or (v) is not treated as resident anywhere (also a hybrid mismatch), or (vi) is a reverse hybrid whereby the jurisdiction of residence of a higher-tier beneficial owner (*achterliggende gerechtigde*) that has a qualifying interest (*kwalificerend belang*) in the reverse hybrid treats the reverse hybrid as tax transparent and that higher-tier beneficial owner would have been taxable based on one (or more) of the items in (i)-(v) above had the interest been due to him directly, all within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*). With respect to Instruments issued by EDP, all payments made by EDP under the Instruments may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

## ***Corporate and Individual Income Tax***

### **(a) Residents of the Netherlands**

If a holder of Instruments is a resident or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Instruments are attributable, income derived from the Instruments and gains realised upon the redemption or disposal of the Instruments are generally taxable in the Netherlands (at up to a maximum rate of 25.8 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Instruments and gains realised upon the redemption or disposal of the Instruments are taxable at the progressive rates (at up to a maximum rate of 49.5 per cent.) under the Dutch Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Instruments are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Instruments are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Instruments that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies to the holder of the Instruments, taxable income with regard to the Instruments must be determined on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is determined based on the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*) (EUR 57,000 in 2023). The individual's deemed return is calculated by multiplying the individual's yield basis with a 'deemed return percentage' (*effectief rendementspercentage*), which percentage depends on the actual composition of the yield basis, with separate deemed return percentages for savings (*banktegoeden*), other investments (*overige bezittingen*) and debts (*schulden*). As of 1 January 2023, the percentage for other investments, which include the Instruments, is set at 6.17 per cent.. The deemed return on savings and investments is taxed at a rate of 32 per cent.

### **(b) Non-residents of the Netherlands**

If a person is neither a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in respect of income derived from the Instruments and gains realised upon the redemption or disposal of the Instruments, unless:

- (i) the person is not an individual and such person: (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Instruments are attributable; or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Instruments are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25.8 per cent.

- (ii) the person is an individual and such individual: (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Instruments are attributable; or (2) realises income or gains with respect to the Instruments that qualify as income from miscellaneous activities in the Netherlands, which include activities with respect to the Instruments that exceed regular, active portfolio management; or (3) is, other than by way of securities, entitled to a share

in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Instruments are attributable.

Income derived from the Instruments as specified under (1) and (2) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 49.50 per cent. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on savings and investments (as described above under "*Residents of the Netherlands*").

### ***Gift and Inheritance tax***

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Instruments by way of gift by, or on the death of, a holder of Instruments, unless:

- (i) the holder of the Instruments is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

### ***Value Added Tax***

In general, no value added tax will arise in respect of payments in consideration for the issue of the Instruments or in respect of a cash payment made under the Instruments, or in respect of a transfer of the Instruments.

### ***Other Taxes and Duties***

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Instruments.

### ***Spain***

*This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, the ownership and disposal of Instruments issued by EDP SFE after the date hereof held by a holder of Instruments. It does not consider every aspect of taxation that may be relevant to a particular holder of Instruments under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (Territorios Forales). Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax law. This summary assumes that each transaction with respect to the Instruments is at arm's length.*

*This overview is based on the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. References in this section to "holders" include the beneficial owners of the Instruments, where applicable. Any prospective investors should consult their own tax advisers who can provide them with personalised advice based on their particular circumstances. Likewise, investors should consider the legislative changes which could occur in the future.*

*The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations is a summary only and neither of EDP SFE or the Dealers, assumes any responsibility therefor. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, EDP SFE will notify the Holders of such information procedures and their implications, as EDP SFE may be required to apply withholding tax on distributions in respect of the relevant securities if the Holders do not comply with such information procedures.*



## ***Introduction***

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Base Prospectus:

- (i) of general application, Additional Provision One of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions and Royal Decree 1065/2007, of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the European Union and other tax rules as amended by Royal Decree 1145/2011 of 29 July;
- (ii) for individuals with tax residency in Spain who are personal income tax ("**Personal Income Tax**") tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law (the "**Personal Income Tax Law**"), and Royal Decree 439/2007, of 30 March 2007 promulgating the Personal Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June 1991 on Wealth Tax, Law 29/1987, of 18 December 1987 on Inheritance and Gift Tax and Law 38/2022, of 27 December, for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes;
- (iii) for legal entities resident for tax purposes in Spain which are corporate income tax ("**Corporate Income Tax**" or "**CIT**") taxpayers, Law 27/2014, of 27 November, on Corporate Income Tax and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations (the "**Corporate Income Tax Regulations**"); and
- (iv) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax ("**Non-Resident Income Tax**") taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law ("**Non-Resident Income Tax Law**") and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations, along with Law 19/1991, of 6 June on Wealth Tax, Law 29/1987, of 18 December on Inheritance and Gift Tax and Law 38/2022, of 27 December, for the establishment of temporary levies on energy and on financial credit institutions and introducing a temporary solidarity tax on large fortunes.

Whatever the nature and residence of the holder of a beneficial interest in the Instruments (each, a "**Beneficial Owner**"), the acquisition and transfer of the Instruments will be exempt from indirect taxes in Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September 1993, and exempt from value added tax, in accordance with Law 37/1992, of 28 December 1992 regulating such tax.

## ***Individuals with Tax Residency in Spain***

### **(a) *Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas)***

Individuals with tax residency in Spain are subject to Personal Income Tax on a worldwide basis. Accordingly, income obtained from the Instruments will be taxed in Spain when obtained by individuals that are considered resident in Spain for tax purposes. The fact that a Spanish company pays interest or guarantee payments under an Instrument will not lead an individual or entity being considered tax-resident in Spain.

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Instruments would constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and therefore must be included in each investor's savings tax base and taxed at the tax rate applicable from time to time, currently at the rate of 19 per cent. for taxable income up to €6,000, 21 per cent. for taxable income between €6,000.01 and €50,000, 23 per cent. for taxable income between €50,000.01 and €200,000, 27 per cent for taxable income between €200,000.01 and €300,000 and 28 per cent for taxable income in excess of €300,000. Income from the transfer of the Instruments is computed as the difference between their transfer value and their acquisition or

subscription value. Furthermore, ancillary acquisition and disposal charges are taken into account, insofar as adequately evidenced, in calculating the income.

Negative income derived from the transfer of the Instruments, in the event that the individual holder had acquired other homogeneous securities within the two months prior or subsequent to such transfer or exchange, shall be included in his or her Personal Income Tax base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Instruments will be deductible, excluding those pertaining to discretionary or individual portfolio management.

As a general rule, both types of income are subject to a withholding tax on account at the rate of 19 per cent. However, according to Section 44.5 of Royal Decree 1065/2007, of 27 July, in the case of listed debt securities issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state, EDP SFE will make interest payments to individual holders who are resident for tax purposes in Spain without tax withholding provided that the relevant information about the Instruments (as described below in "*Reporting Obligations*") is submitted by the relevant Paying Agent; and it would not be necessary to provide EDP SFE with the identity of the holders who are individuals resident in Spain for tax purposes or to indicate the amount of income attributable to such individuals.

If the Paying Agent fails to provide EDP SFE with the required information described under "*Reporting obligations*", EDP SFE may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Instruments as to which the required information has not been provided.

However, withholding tax at the applicable rate of 19 per cent. may have to be deducted by other entities (such as depositaries or custodians, institutions or financial entities) provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

In any event, individual holders may credit the withholding against their Personal Income Tax liability for the relevant fiscal year.

(b) ***Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)***

Wealth Tax may be levied in Spain on resident individuals, on a worldwide basis.

Generally, individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions and particulars provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Instruments which they hold as at 31 December in each year. The applicable rates ranging between 0.2 per cent. and 3.5 per cent., although the final effective tax rates may vary depending on any applicable regional tax laws and any reductions that may apply.

Notwithstanding the above, the so-called "solidarity tax on wealthy and large fortunes" was approved in December 2022, which is a two-year direct wealth tax that, in general terms, applies, under certain conditions, to all tax residents. The amount payable for this tax could be reduced by the amount paid for Wealth Tax.

The rates of the "solidarity tax" are:

<b>Taxable base up to (Euros)</b>	<b>Tax due (Euros)</b>	<b>Rest of taxable base (Euros)</b>	<b>Rate</b>
0.00	0.00	3,000,000.00	0%
3,000,000.00	0.00	2,347,998.03	1.7%
5,347,998.03	39,915,97	5,347,998.03	2.1%
10,695,996.06	152,223,93	Any excess	3.5%

(c) ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Individuals with tax residency in Spain who acquire ownership or other rights over any Instruments by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or state rules. As at the date of this Base Prospectus, the applicable tax rates currently range between 7.65 per cent. and 34 per cent. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) determine the final effective tax rate that range, as of the date of this Base Prospectus, between 0 per cent. and 81.6 per cent.

***Legal Entities with Tax Residency in Spain***

(a) ***Corporate Income Tax (Impuesto sobre Sociedades)***

Both interest received periodically and income derived from the transfer, redemption or repayment of the Instruments, which constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital, are subject to Corporate Income Tax and would have to be included in profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax and subject to the general rate of 25 per cent., although, special rates apply in respect of certain types of entities (e.g. 30 per cent. for banking institutions).

In accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, in the case of listed debt securities issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state, there is no obligation to withhold on income payable to Spanish CIT taxpayers (which, for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds).

Consequently and subject to the below, EDP SFE will not withhold on interest payments to Spanish CIT taxpayers provided that the relevant information about the Instruments (as described below in "*Reporting obligations*") is submitted by the relevant Paying Agent.

If the Issue and Paying Agent fails to provide EDP SFE with the required information described under "*Reporting obligations*", EDP SFE may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Instruments as to which the required information has not been provided.

In addition, pursuant to Section 61.s of the Corporate Tax Regulations, there is no obligation to make a withholding on income obtained by taxpayers subject to Spanish CIT (which, for the avoidance of doubt, include Spanish tax resident investment funds and Spanish tax resident pension funds) from financial assets traded on organised markets in OECD countries. However, in the case of Instruments held by a Spanish entity (and, for Instruments issued by a non-Spanish Issuer, deposited with a Spanish resident entity acting as depositary or custodian), payments of interest and income deriving from the transfer may be subject to withholding tax at the current rate of 19 per cent. if the Instruments do not comply with the exemption requirements specified in the ruling issued by the Spanish DGT dated 27 July 2004 (that is, placement of the Instruments outside of Spain in another OECD country and admission to listing of the Instruments on an organised market in an OECD country other than Spain).

(b) ***Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)***

Spanish resident legal entities are not subject to Wealth Tax nor to the Solidarity Tax.

(c) ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Legal entities tax resident in Spain which acquire ownership or other rights over the Instruments by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Instruments in their taxable income for Spanish Corporate Income Tax purposes.

### ***Individuals and Legal Entities with no Tax Residency in Spain***

Ownership of the Instruments by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

(a) ***Non Resident Income Tax (Impuesto sobre la Renta de no Residentes)***

(i) *Non-Spanish resident investors acting through a permanent establishment in Spain*

If the Instruments form part of the assets of a permanent establishment in Spain of an person individual or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Instruments are the same as those for Spanish Corporate Income Tax taxpayers.

(ii) *Non-Spanish resident investors not acting through a permanent establishment in Spain*

Both interest payments received periodically, and payments of income deriving from the transfer, redemption or repayment of the Instruments obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax on the same terms laid down for income from public debt, provided that certain requirements are met.

EDP SFE has no obligation to withhold any tax amount for interest paid on the Instruments to holders who are Non-Resident Income taxpayers with no permanent establishment in Spain provided that the information procedures are complied with in the manner detailed under "Reporting obligations" as set out in section 44 of Royal Decree 1065/2007 (as amended by Royal Decree 1145/2011). If these information procedures are not complied with within the manner indicated EDP SFE may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Instruments as to which the required information has not been provided.

(b) ***Wealth Tax (Impuesto sobre el Patrimonio) and Solidarity Tax (Impuesto Temporal de Solidaridad de las Grandes Fortunas)***

This tax is only applicable to individuals. However, individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory (such as the Instruments issued by EDP SFE) exceed €700,000 would be subject to Net Wealth Tax, the applicable rates ranging between 0.2 per cent. and 3.5 per cent., although certain reductions may apply.

However, non-Spanish tax resident individuals will be exempt from Wealth Tax in respect of the Instruments whose income is exempt from NRIT as described above.

If the exemptions outlined above do not apply, non-Spanish tax resident individuals may apply the rules approved by the autonomous region where their most valuable assets and rights are situated. As such, prospective investors should consult their tax advisers.

Notwithstanding the above, the so-called "solidarity tax on wealthy and large fortunes" was approved in December 2022, which is a two-year direct wealth tax that, in general terms, applies, under certain conditions, to those residents in an autonomous region where the Wealth Tax is partial or fully exempt.

The rates of the "solidarity tax on wealthy and large fortunes" are:

<b>Taxable base up to (Euros)</b>	<b>Tax due (Euros)</b>	<b>Rest of taxable base (Euros)</b>	<b>Rate</b>
0.00	0.00	3,000,000.00	0%
3,000,000.00	0.00	2,347,998.03	1.7%
5,347,998.03	39,915,97	5,347,998.03	2.1%
10,695,996.06	152,223,93	Any excess	3.5%

Non-Spanish resident legal entities are not subject to Wealth Tax.

(c) ***Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)***

Non-Spanish tax resident individuals who acquire ownership or other rights over the Instruments by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with the Spanish legislation applicable in the relevant autonomous region (*Comunidad Autónoma*).

Generally, non-Spanish tax resident individuals are subject to the Spanish Inheritance and Gift Tax according to the rules set forth in the Spanish State level law. However, pursuant to recent rulings issued by the EU Courts and the Spanish Supreme Court, individuals who are non-resident in Spain for tax purposes may be able to apply the rules corresponding to the relevant Spanish autonomous regions. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities which acquire ownership or other rights over the Instruments by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the legal entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

***Obligation to inform the Spanish tax authorities of the ownership of the Instruments***

With effect as from 1 January 2013, Law 7/2012, of 29 October, as implemented by Royal Decree 1558/2012, of 15 November, introduced annual reporting obligations applicable to Spanish residents (i.e., individuals, legal entities, permanent establishments in Spain of non-resident entities) in relation to certain foreign assets or rights.

Consequently, if the Instruments are deposited with or placed in the custody of a non-Spanish entity, holders resident in Spain will be obliged, if certain thresholds are met as described below, to declare before the Spanish Tax Authorities, between 1 January and 31 March each year, the ownership of the Instruments held on 31 December of the immediately preceding year (e.g., to declare between 1 January 2024 and 31 March 2024 the Instruments held on 31 December 2023).

This obligation would only need to be complied with if certain thresholds are met: specifically, if the only rights/assets held abroad are the Instruments, this obligation would only apply if the value of the Instruments together with other qualifying assets held on 31 December exceeds €50,000 (with the corresponding valuation to be made in accordance with Wealth Tax rules). If this threshold is met, a declaration would only be required in subsequent years if the value of the Instruments together with other qualifying assets increases by more than €20,000 as against the declaration made previously. Similarly, cancellation or extinguishment of the ownership of the Instruments before 31 December should be declared if such ownership was reported in previous declarations.

***Reporting obligations***

EDP SFE is currently required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to the Instruments. In accordance with Article 44 of Royal Decree 1065/2007, and provided that the Instruments issued by EDP SFE are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg, for the purpose of preparing the annual return referred to above, certain information with respect to the Instruments must be submitted by the Paying Agent to EDP SFE before the close of business on the Business Day immediately preceding the

date on which any payment of interest, principal or any amounts in respect of the early redemption of the Instruments.

Such information would be the following:

- (i) identification of the Instruments in respect of which the relevant payment is made;
- (ii) date on which relevant payment is made;
- (iii) the total amount of the relevant payment; and
- (iv) the amount of the relevant payment corresponding to each entity that manages a clearing and settlement system for securities situated outside Spain.

In particular, the Issue and Paying Agent must certify the information above about such Instruments by means of a certificate the form of which is set out in the Agency Agreement.

In light of the above, EDP SFE and the Issue and Paying Agent have arranged certain procedures to facilitate the collection of information concerning such Instruments. If, despite these procedures, the relevant information is not received by EDP SFE, EDP SFE may be required to withhold at the applicable rate of 19 per cent. from any payment in respect of the relevant Instruments as to which the required information has not been provided. In that event, the Issuer will pay such additional amounts as will result in the holders receiving such amounts as they would have received in respect of such Instruments had no such withholding or deduction been required in accordance with the Conditions of the Senior Instruments.

The procedures for providing documentation referred to in this section are set out in detail in the Agency Agreement which may be inspected during normal business hours at the specified office of the Issue and Paying Agent. In particular, if the Issue and Paying Agent does not act as common depository, the procedures described in this section will be modified in the manner described in the Agency Agreement.

#### **The Proposed Financial Transactions Tax ("FTT")**

On 14 February 2013 the EC published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Instruments (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt. Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Instruments are advised to seek their own professional advice in relation to the FTT.

#### ***The Spanish financial transactions tax (the "Spanish FTT")***

On 16 January 2021, Law 15/2020, of 15 October, on the Spanish financial transactions tax (the "**FTT Law**") entered into force.

Spanish FTT will charge a 0.2 per cent. on specific acquisitions of shares of Spanish listed companies, regardless of the residence of the agents that intervene in the transactions, provided the market value of the

capitalisation thereof is greater than €1 billion. The taxpayer will be the financial traders that transfer or execute the purchase order and must submit an annual tax return.

The list of Spanish companies with a market capitalisation exceeding €1 billion at 1 December of each year will be published on the Spanish tax authorities' website before 31 December each year.

Notwithstanding the above, the Instruments will not be subject to this new tax in accordance with the FTT Law.

Prospective holders of Instruments are advised to seek their own professional advice in relation to the Spanish FTT.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuers may be foreign financial institutions for these purposes. A number of jurisdictions (including Portugal and the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA with respect to payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to Instruments, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on Instruments, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on Instruments, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Instruments characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the relevant Issuer). However, if additional Instruments as described under "*Further Issues*" in the Conditions that are not distinguishable from previously issued Instruments are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Instruments, including the Instruments offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in Instruments.

The Issuers are not obliged to gross up any amounts which may be withheld or deducted pursuant to FATCA.

## SUBSCRIPTION AND SALE

Instruments may be sold from time to time by the relevant Issuer to any one or more of Banco Bilbao Vizcaya Argentaria, S.A., Banco Comercial Português, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, BNP Paribas, Caixa - Banco de Investimento, S.A., CaixaBank, S.A., Citigroup Global Markets Europe AG, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., J.P. Morgan SE, Mizuho Securities Europe GmbH, Morgan Stanley Europe SE, MUFG Securities (Europe) N.V., NatWest Markets N.V., Société Générale and UniCredit Bank AG (the "**Dealers**"). The arrangements under which Instruments may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 14 September 2023 (the "**Dealership Agreement**") and made between the Issuers and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Instruments, the price at which such Instruments will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Instruments. The Dealership Agreement provides that the obligations of Dealers to subscribe for Instruments may be subject to certain conditions precedent. In the event such conditions precedent are not delivered or met, the issuance of such Instruments may not be completed and investors will have no rights against the relevant Dealers or the relevant Issuer in respect of any expense incurred or loss suffered in these circumstances. Instruments may be offered by the Issuer or the Dealers to any Investors, subject to the restrictions described below.

### **United States of America**

Regulation S Category 2; TEFRA D, unless TEFRA C or TEFRA not applicable is specified as applicable in the relevant Final Terms.

Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Instruments in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Instruments: (1) as part of their distribution at any time; or (2) otherwise until 40 days after the completion of the distribution of the Instruments comprising the relevant Tranche, within the United States or to or for the account or benefit of U.S. persons except in accordance with Regulation S of the Securities Act, and such Dealer will have sent to each dealer to which it sells Instruments during the restricted period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments within the United States or to or for the account or benefit of U.S. persons.

In addition, until 40 days after the commencement of the offering of Instruments comprising any Tranche, any offer or sale of Instruments within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Prohibition of sales to EEA Retail Investors**

Unless the Final Terms in respect of any Instruments specifies the "*Prohibition of Sales to EEA Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Instruments which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any



retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

#### **Prohibition of sales to UK Retail Investors**

Unless the Final Terms in respect of any Instruments specifies "*Prohibition of Sales to UK Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Instruments which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA.

#### ***Other UK regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (1) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Instruments in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Instruments in, from or otherwise involving the United Kingdom.

#### **Belgium**

Other than in respect of Instruments for which "**Prohibition of Sales to Belgian Consumers**" is specified as "**Not Applicable**" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Instruments may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Instruments, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Instruments, directly or indirectly, to any Belgian Consumer.

#### **France**

Each Dealer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Instruments to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Base Prospectus, any Final Terms or any other offering material relating to the Instruments, and that such offers, sales and distributions have been and shall only be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (investisseurs qualifiés) other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code monétaire et financier.

## The Netherlands

For selling restrictions in respect of The Netherlands, see "*Prohibition of Sales to EEA and UK Retail Investors*" above and in addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Zero Coupon Instruments (as defined below) in definitive bearer form and other Instruments in definitive bearer form on which interest does not become due and payable during their term but only at maturity, and which qualify as savings certificates (*spaarbewijzen*) as defined in The Netherlands Savings Certificates Act (*Wet inzake spaarbewijzen*, the "SCA") may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuers or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of: (i) the initial issue of such Instruments to the first holders thereof; (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business; and (iii) the issue and trading of such Instruments if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

As used herein "**Zero Coupon Instruments**" are Instruments that are in bearer form and that constitute a claim for a fixed sum against the respective Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Instruments may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree-Law no. 486/99, of 13 November 1999 (as amended and restated from time to time) (or under any legislation which may replace or complement it in this respect from time to time) unless the requirements and provisions applicable to public offerings in Portugal are met, including, without limitation, all registration, filing, approval or recognition procedures with the Portuguese Securities Market Commission ("*Comissão do Mercado de Valores Mobiliários*") (the "CMVM") and, if relevant, any other competent authorities. In addition, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that other than in compliance with all applicable provisions of the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), the Prospectus Regulation, the Prospectus Delegated Regulations and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Instruments by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including the publication of a prospectus, when applicable: (1) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold, re-sold, re offered or delivered and will not directly or indirectly take any action or offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Instruments in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (2) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed this Base Prospectus or any other offering material relating to the Instruments to the public in Portugal and will comply with all applicable provisions of the Portuguese Securities Code (or under any legislation which may replace or complement it in this respect from time to time), the Prospectus Regulation and the Prospectus Delegated Regulations, and any applicable CMVM regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Instruments by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be; and (3) that any such distribution shall only be authorised and performed to the extent that there is full compliance with such laws and regulations. For the purposes of this paragraph, "**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended) and "**Prospectus Delegated Regulations**" means any delegated acts published in connection with the Prospectus Regulation which are in force at any determined time.

## Spain

Neither the Instruments nor this Base Prospectus have been registered with the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, the Instruments may not be offered, sold or distributed, nor may any subsequent resale of Instruments be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws.

The Instruments may only be offered or sold in Spain by institutions authorised under the Spanish Law 6/2023, of 17 March, on the Securities Markets and the Investment Services (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*) (as amended or replaced from time to time, the "**Spanish Securities Markets and Investment Services Law**"), Royal Decree 217/2008 of 15 February on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*) (as amended or replaced from time to time) and related legislation to provide investment services in Spain and in accordance with the provisions of the Spanish Securities Markets and Investment Services Law and further developing legislation.

## Japan

The Instruments have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Instruments directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, ministerial guidelines and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Instruments or caused the Instruments to be made the subject of an invitation for subscription or purchase and will not offer or sell any Instruments or cause the Instruments to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Instruments, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Instruments are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be

transferred within six months after that corporation or that trust has acquired the Instruments pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

#### **General**

Other than with respect to the listing of the Instruments on such stock exchange as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Instruments, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Instruments or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "**General**" above.

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by the Board of Directors of EDP at a meeting held on 21 September 1999 and by the management board of EDP B.V. at a meeting held on 8 October 1999.

The update of the Programme was authorised by the Executive Board of Directors of EDP at a meeting held on 10 July 2023 and by written resolutions of the management board of EDP B.V. on 3 August 2023. The inclusion of EDP SFE in the Programme was authorised by written resolutions of the management board of EDP SFE on 1 September 2023.

The Issuers have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Instruments and their respective obligations under the Trust Deed and the Keep Well Agreements.

### Legal and Arbitration Proceedings

2. Save as described in "*EDP and the EDP Group - Litigation*", none of EDP, EDP B.V., EDP SFE or any other member of the EDP Group is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which EDP, EDP B.V. or EDP SFE is aware) in the 12 months preceding the date of this document which may have or have had a significant effect on the financial position and profitability of EDP, EDP B.V., EDP SFE or the EDP Group.

### Significant/Material Change

3. There has been no significant change in the financial performance or position of EDP, EDP B.V. or the EDP Group since 30 June 2023. There has been no significant change in the financial performance or position of EDP SFE since 31 December 2022. There has been no material adverse change in the prospects of EDP, EDP B.V., EDP SFE or the EDP Group since the date of their last published audited financial statements, being 31 December 2022.

### Auditors

4. The independent auditors of EDP are PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda., independent certified public accountants, who have audited the consolidated financial statements of the EDP Group as of and for the years ended on 31 December 2022 and 31 December 2021 prepared in accordance with IFRS as adopted by the EU. With respect to the unaudited condensed consolidated interim financial information of EDP for the six month period ended 30 June 2023 incorporated by reference in this Base Prospectus, PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their report incorporated by reference in this Base Prospectus states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. is a member of the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*).
5. PricewaterhouseCoopers Accountants N.V. are the independent auditors of EDP B.V. and audited its financial statements as of and for each of the financial years ended 31 December 2022 and 31 December 2021, prepared in accordance with IFRS as adopted by the EU. PricewaterhouseCoopers Accountants N.V., the auditors of EDP B.V., have consented to the incorporation by reference of their auditor's reports related to the aforementioned financial statements in this Base Prospectus. The auditor signing the auditor's reports on behalf of PricewaterhouseCoopers Accountants N.V. is a chartered accountant (*registeraccountant*) in the Netherlands and is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

6. PricewaterhouseCoopers Auditores, S.L. are the independent auditors of EDP SFE and audited its financial statements as of and for each of the financial years ended 31 December 2022 and 31 December 2021, prepared in accordance with Spanish GAAP. PricewaterhouseCoopers Auditores, S.L., the auditors of EDP SFE, have consented to the incorporation by reference of their auditor's reports related to the aforementioned financial statements in this Base Prospectus. PricewaterhouseCoopers Auditores, S.L. are registered auditors in Spain in the Registro Oficial de Auditores de Cuentas, with registration number S0242.

### **Documents on Display**

7. For the life of this Base Prospectus, the following documents will, when published, be available electronically (together with English translations in the case of paragraphs (i), (ii) and (iii) below) on EDP's website, <https://www.edp.com/en>, as follows:
  - (i) the constitutional documents of EDP (as the same may be updated from time to time) (<https://www.edp.com/en/edp/policies-and-documentation#corporate-documentation>);
  - (ii) the constitutional documents of EDP B.V. (as the same may be updated from time to time) (<https://www.edp.com/en/investors/fixed-income/how-we-finance-our-strategy>);
  - (iii) the constitutional documents of EDP SFE (as the same may be updated from time to time) (<https://www.edp.com/en/investors/fixed-income/how-we-finance-our-strategy>);
  - (iv) the 2022 EDP Financial Statements, the 2022 EDP B.V. Financial Statements and the 2022 EDP SFE Financial Statements (<https://www.edp.com/en/investors/investor-information/results-reports#results---reports>);
  - (v) the most recently published audited annual financial statements of EDP, EDP B.V. and EDP SFE and the most recently published unaudited interim financial statements (if any) of EDP and EDP B.V. in each case together with any audit or review reports (if applicable) prepared in connection therewith (<https://www.edp.com/en/investors/investor-information/results-reports#results---reports>); and
  - (vi) this Base Prospectus, the Trust Deed, the Interbolsa Instrument, the Keep Well Agreements, the Agency Agreement and the forms of the Instruments, the Receipts, the Coupons and the Talons (<https://www.edp.com/en/investors/fixed-income/how-we-finance-our-strategy>);
  - (vii) any future information memoranda, prospectuses, offering circulars, supplements and Final Terms (save that Final Terms relating to an Instrument which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Instrument and such holder must produce evidence satisfactory to the relevant Paying Agent, as the case may be, as to its holding of Instruments and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In relation to the documents referred to at (i), (ii) and (iii) above, the Issuers confirm that the translations thereof are true and accurate, however, in case of a discrepancy between the original document and the English translation thereof, the original document will prevail.

### **Clearing of the Instruments**

8. The Instruments (other than Book Entry Instruments) have been accepted for clearance through Euroclear Bank and Clearstream, Luxembourg (which are the entities in charge of keeping records in respect of such Instruments). The appropriate common code and the International Securities Identification Number in relation to the Instruments of each Series will be specified in the Final Terms relating thereto. The Book Entry Instruments will be cleared through the clearing system operated by Interbolsa. The appropriate identification reference for a Tranche of Book Entry Instruments will be specified in the Final Terms. Book Entry Instruments shall only be denominated in euro or in such other currency as accepted for registration and settlement purposes

by Interbolsa. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Instruments for clearance together with any further appropriate information.

9. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of Interbolsa is Avenida da Boavista, 3433 4100-138 Porto, Portugal.

### **Denomination**

10. Instruments issued under this Programme will have a minimum denomination of €100,000 (or its equivalent in any other currency).

### **Issue Price and Yield**

11. Instruments may be issued at any price. The price and amount of Instruments to be issued under the Programme will be determined by the Issuer and the relevant Dealer on or before the applicable Issue Date of the relevant Series of Instruments in accordance with prevailing market conditions and will be disclosed in the Final Terms. The Issue Price of the Instruments of any Series may be less than, equal to or greater than the par value of the relevant Instruments as at the Issue Date.
12. The yield for any particular Series of Instruments will be calculated on the basis of the average annual rate of return if the relevant Instruments were to be purchased at the Issue Price on the Issue Date and held to maturity. The yield specified in the Final Terms in respect of a Series of Instruments will not be an indication of future yield.

### **Ratings**

13. The meanings of the expected ratings of Senior Instruments are as follows:

Moody's – Baa2

Obligations rated 'Baa' are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics. The modifier 2 indicates a mid-range ranking in this generic rating category.

S&P – BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.

Fitch – BBB

'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

14. The meanings of the expected ratings of Subordinated Instruments are as follows:

Moody's – Ba1

Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. The modifier 1 indicates a higher-end ranking in this generic rating category.

S&P – BB+

An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

Fitch – BB+

'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met. The modifier "+/-" is used for ratings AA through CCC levels indicating relative differences of probability of default or recovery for issues.

The information at paragraphs 13 and 14 above has been extracted from the websites of Moody's, S&P and Fitch, respectively. The Issuers confirm that such information has been accurately reproduced and that, so far as they are aware and are able to ascertain from information published by Moody's, S&P and Fitch respectively, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **Listing Agent**

15. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in relation to the Instruments and is not itself seeking admission of the Instruments to the Official List of Euronext Dublin or to trading on its regulated market for the purposes of the Prospectus Regulation.

#### **Conflicts of Interest**

16. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Instruments issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, certain of the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Instruments issued under the Programme. Any such positions could adversely affect future trading prices of Instruments issued under the Programme. Certain of the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

#### **Validity of prospectus and prospectus supplements**

17. For the avoidance of doubt, the Issuers do not have any obligation to supplement this Base Prospectus after the end of its 12-month validity period. The Issuers do not intend to provide any post-issuance information in relation to any issues of Instruments.

#### **Issuers' website**

18. The EDP, EDP B.V. and EDP SFE website is <https://www.edp.com>. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

#### **Legal Entity Identifier**

19. The Legal Entity Identifier code of EDP is 529900CLC3WDMGI9VH80.



20. The Legal Entity Identifier code of EDP B.V. is 5299007L43AQDFOW5739.

21. The Legal Entity Identifier code of EDP SFE is 5299003GHAFB78O1NU77.

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**Goldman Sachs Bank Europe SE**  
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Germany

**Mizuho Securities Europe GmbH**  
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60310 Frankfurt am Main  
Germany

**Morgan Stanley Europe SE**  
Grosse Gallusstrasse 18  
60312 Frankfurt-am-Main  
Germany

**MUFG Securities (Europe) N.V.**  
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1077 XV Amsterdam  
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**NatWest Markets N.V.**  
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