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**EDP – ENERGIAS DE PORTUGAL, S.A.**

**ANNUAL GENERAL SHAREHOLDERS' MEETING**

5<sup>th</sup> April, 2018

**PROPOSAL OF ITEM 9 OF THE AGENDA**

**Proposal for the election of the Statutory Auditor and Alternate Statutory Auditor  
for the three year period 2018 - 2020**

Whereas:

- a) KPMG & Associados, SROC, S.A., Statutory Auditor of EDP Group since 2005, ceased its current term-of-office in the end of 2017, having completed thirteen years as Statutory Auditor of the Group;
- b) Within the scope of the competences delegated by the General and Supervisory Board (GSB), it is the Financial Matters Committee/Audit Committee (AUDC) responsibility to issue a grounded opinion on the maintenance or not of the Statutory Auditor in the end of each mandate, which should be presented to the GSB;
- c) In accordance to no. 3 and 4 of article 54 of the Statutory Auditor Association Statute, at the public interest entities, the maximum period of exercise of functions of accounting review by the Statutory Auditor is of two or three mandates as these are of four or three years (this maximum period may be exceptionally extended up to ten years as long as this extension is approved by the competent corporate body, under a grounded proposal of the supervisory board);
- d) In this sense, and under a AUDC proposal, the GSB resolved to launch a consultation process in order to select the External Auditor of EDP Group for the 2018 – 2020 term-of-office, as well as to create two specific Committees to develop the consultation process, to know, (i) Accompaniment and Analysis Committee (AAC), with the purpose of accompanying the tender process and analyzing the proposals, as well as to prepare a summary of the respective conclusions, to report to the Assessment Committee and (ii) Assessment Committee (AC), with the purpose of assessing the results presented by the AAC and preparing a proposal to AUDC;
- e) From the work performed and from the assessment conducted to the presented proposals, both accomplished with autonomy and without third parties influence, the conclusions presented pointed out for the proposal of PricewaterhouseCoopers & Associados – Sociedade de Revisores de Contas, Lda. as the more advantageous once, in the overall analysis of the selection criteria identified in the consultation program, it obtained the highest score and so, the GSB selected this entity to propose its election to the General Shareholders' Meeting as EDP's Statutory Auditor for the 2018 – 2020 three year period;
- f) Without prejudice, and considering that no. 2 of article 16 of the Regulation (EU) no. 537/2014 imposes that the recommendation of the supervisory board to the general shareholders' meeting has two options, it is hereby informed that the proposal that obtained the second highest score within the scope of the assessment process of the candidates to EDP's External Auditor was the one presented by Ernst & Young Audit & Associados – SROC, S.A.



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**Proposal for the election of the Statutory Auditor and Alternate Statutory Auditor  
for the three year period 2018 - 2020**

The GSB proposes to the General Shareholders' Meeting to resolve:

1. The election of **PricewaterhouseCoopers & Associados – Sociedade de Revisores de Contas, Lda.** (SROC no. 183), represented by João Rui Fernandes Ramos (ROC no. 1333), as Statutory Auditor for the tree years period 2018-2020.
2. The election of Aurélio Adriano Rangel Amado (ROC no. 1074) as Alternate Statutory Auditor for the tree years period 2018-2020.

Alternatively, and pursuant article 3, no. 3, paragraph f) of the Legal Regime of Supervision and Auditing and article 16, no. 2 of the Regulation (EU) no. 537/2014,

3. The election of **Ernst & Young Audit & Associados – SROC, S.A.** (SROC no. 178), represented by Manuel Ladeiro de Carvalho Coelho da Mota (ROC no. 1410), as Statutory Auditor for the tree years period 2018-2020.
4. The election of João Carlos Miguel Alves (ROC no. 896) as Alternate Statutory Auditor for the tree years period 2018-2020.

Lisbon, 8<sup>th</sup> January 2018

  
Eduardo de Almeida Catroga  
Chairman of the General and Supervisory Board



# *Inspiration, innovation e leadership*

**PwC Portugal**

January 2018



**pwc**

## ***Agenda***

### ***1. About us***

- Worldwide
- Portugal, Cabo Verde and Angola

### ***2. Our services***

### ***3. Clients***

### ***4. Distinctive***

- Firm
- People

### ***5. Curricula Vitae***



## About us

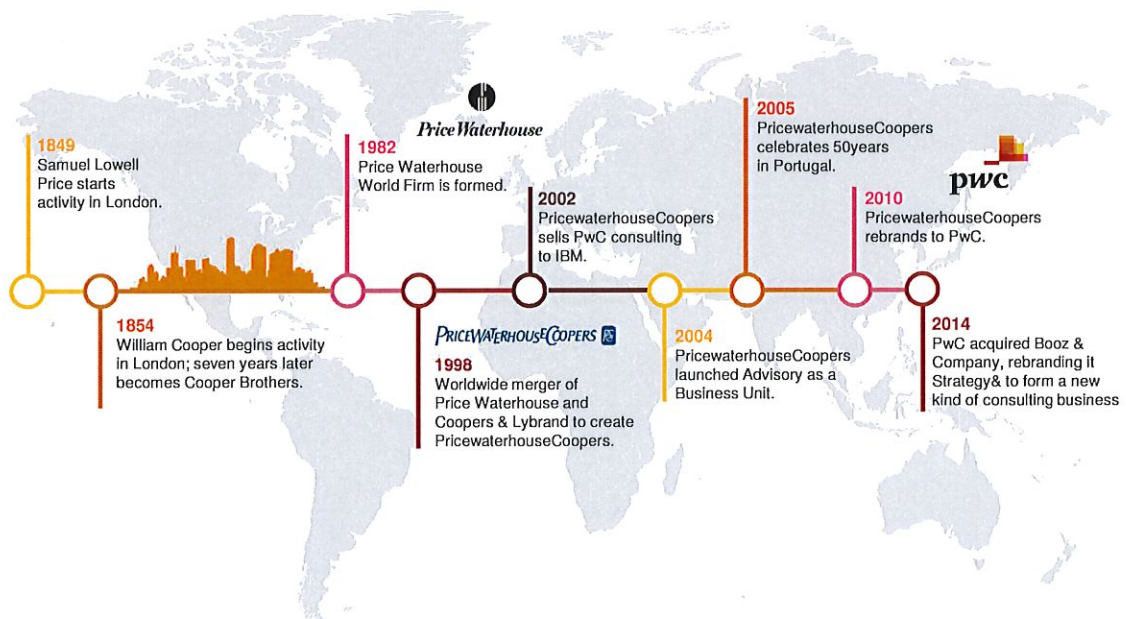
# 1



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## Once upon a time...



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## Worldwide

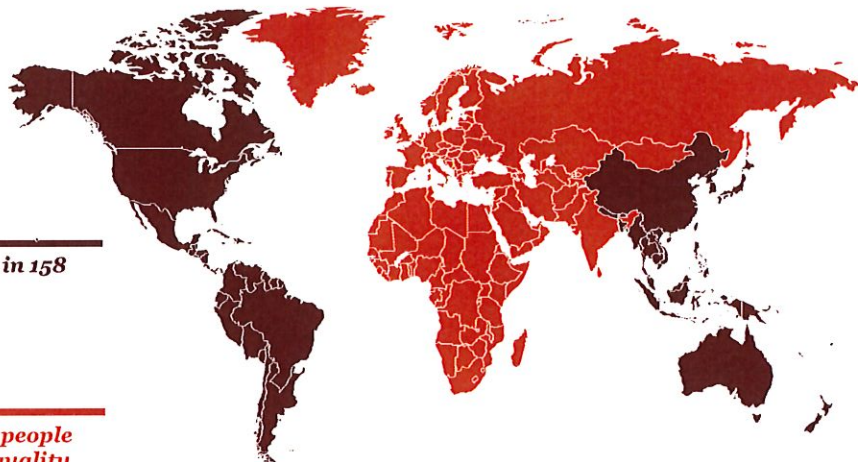
158 countries distributed in 2 clusters

**158**

We're a network of firms in 158 countries.

**236,235**

With more than 236,000 people committed to providing quality services in audit, tax and advisory services.



■ EMEA

■ APA

## Worldwide

Our people



### How many we are?

People  
**236.235**

Countries  
**158**

Offices  
**736**

## Global Our values

Our Values represent PwC and what characterises us. They are the bases to our relationships and interaction with society, as part of an integrated strategy that allow us to succeed in every business dimensions.

**Our PwC Purpose – ‘to build trust in society and solve important problems’ by...**

### Reimagining the possible

Innovate by having an open mind to the possibilities in every idea.

### Working together

Collaborate and share relationships, ideas and knowledge.

### Acting with integrity

Speak up for what is right and deliver the highest quality outcomes.

### Making a difference

Create impact with our colleagues, our clients and society through our actions.

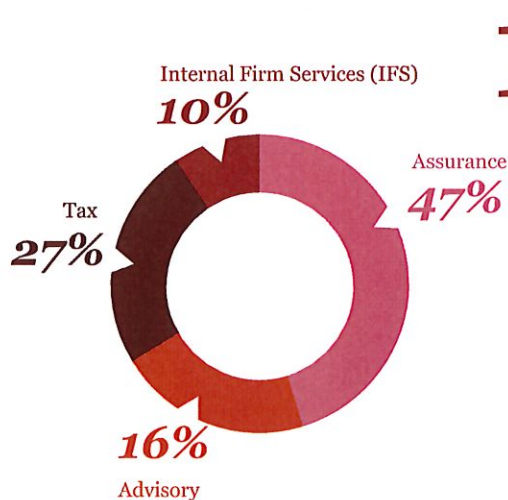
### Caring

Make the effort to understand every individual and recognise the value that each person contributes.

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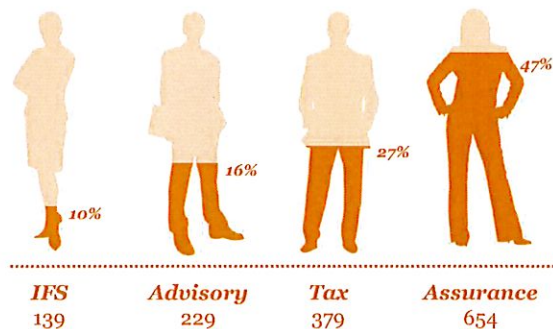
## Portugal, Cabo Verde and Angola Our people



# 1,401

Partners	34
Client Service Staff	1167
Practice Support Staff	200

### How many are we?



Source: PwC Portugal, December 2017

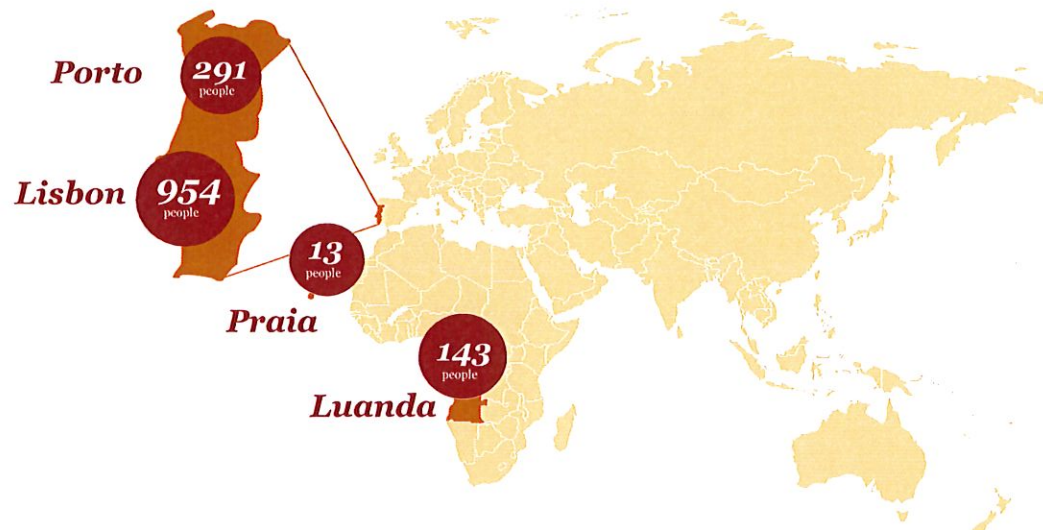
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## Our offices

Lisbon, Porto, Praia and Luanda



Source: PwC Portugal, December 2017

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## Our services

# 2



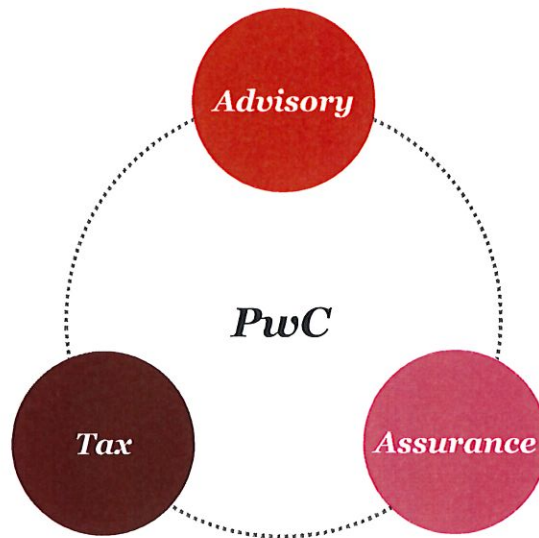
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## Our services

*PwC develops solutions through a wide range of services, with the aim of building public trust and improving value for our clients.*



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## Our competencies

Assurance	Advisory	Tax
<ul style="list-style-type: none"><li>• Global Corporate Reporting</li><li>• Statutory Audit services</li><li>• Independent Audit Opinion</li><li>• Statutory Audit services</li><li>• Capital Markets</li><li>• System and Process Assurance</li><li>• Public Services Audit</li><li>• Technical Accounting and Regulatory Advice</li><li>• Attest Services</li><li>• International Accounting Standards</li><li>• Actuarial Services</li></ul>	<ul style="list-style-type: none"><li>• People &amp; Change</li><li>• Data Services</li><li>• Global Incentive Solutions</li><li>• Management Consulting</li><li>• Corporate Finance &amp; Restructuring</li><li>• Financial Services Risk &amp; Regulation</li><li>• Forensic Services</li><li>• PwC's Academy</li><li>• Transaction Services</li></ul>	<ul style="list-style-type: none"><li>• Tax Reporting &amp; Strategy</li><li>• Transfer Pricing</li><li>• Corporate and International Tax Structuring</li><li>• Indirect Taxation</li><li>• Mergers &amp; Acquisitions</li><li>• Individuals Taxation</li><li>• Financial Services Tax</li><li>• Oil &amp; Gas Tax</li><li>• Inforfisco</li></ul>



<i>Consumer &amp; Industrial Products &amp; Services (CIPS)</i>	<i>Financial Services (FS)</i>	<i>Technology, Information, Communications and Entertainment (TICE)</i>	<i>Government &amp; Public Sector</i>
Aerospace & Defence	Asset Management	Entertainment & Media	Education
Automotive	Banking	Information & Communications	Government
Power & Utilities / Oil & Gas	Capital Markets	Technology	
Engineering & Construction	Insurance	Hospitality & Leisure	
Pharmaceuticals & Life Sciences			
Mining			
Forest, Paper and Packaging			
Industrial Manufacturing			
Chemicals			
Retail & Consumer			
Healthcare			
Transportation & Logistics			

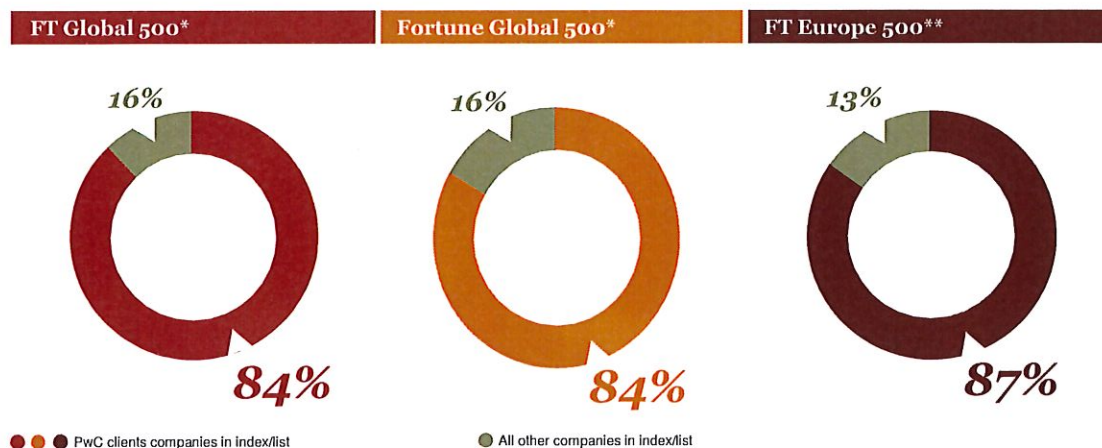
## *Clients*

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## Global PwC Clients

Our clients range from the world's largest and most complex organisations to some of the most innovative entrepreneurs.



Source: PwC Global Annual Review 2017\*; PwC Global Annual Review 2016\*\*

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## Top Clients

### PwC Portugal Top Clients

Banco Santander  
Chevron Corporation  
Exxon Mobil Corporation  
Galp Energia  
Grupo Amorim  
Grupo EDP  
Grupo Nors (Auto Sueco)  
Grupo Salvador Caetano  
Grupo Semapa  
Grupo Sonae  
Jerónimo Martins  
Novo Banco  
The Navigator Company

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## Distinctive

# 4



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## Distinctive Awards and Credentials



**Classified as one of the best global leading companies in labor diversity.**

(DiversityInc, 2016)

**Recognized for creating an environment for collaborative enterprise knowledge sharing. PwC is a 15th time Global MAKE Winner.**

(MAKE Award, "Global Most Admired Knowledge Enterprise", 2016)

**PwC won the "Audit Innovation of Year" prize, in 2016, during the International Accounting Bulletin Awards.**

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**Classified on 5th position of the ranking "World's Most Attractive Employers 2016" and considered as the 2nd most attractive company in Portugal, for auditing and accounting students.**

(Universum Global 2016/Portugal 2016)

**Nominated worldwide leader of Business Consulting services, Strategy Consulting and Supply Change Management Consulting in 2015.**

(IDC Marketscape report, 2015)



**Senior tax buyers name PwC as their first choice provider globally.**

(These results are based on an independent survey of 4,269 primary buyers of tax services globally, conducted by research agency Jigsaw Research (Q1-Q4 2016))

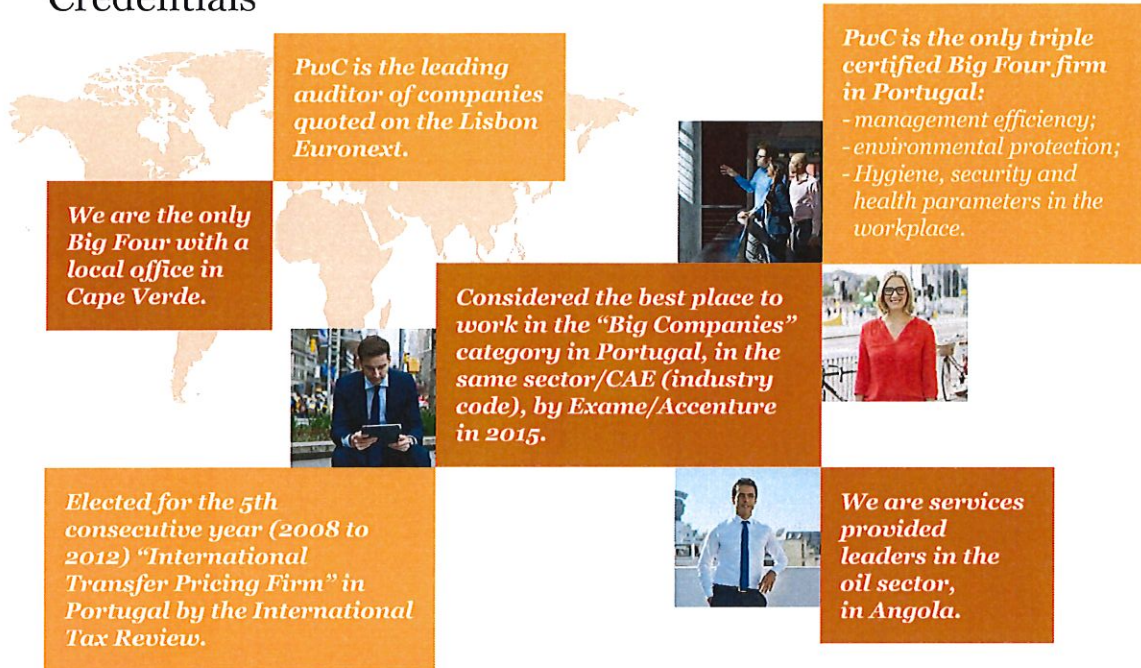
**Considered leader supporting company in cost reduction services.**

("Global Consulting Marketplace 2011-2014", report from Kennedy's Consulting Research & Advisory)

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## Distinctive Credentials



**PwC is the leading auditor of companies quoted on the Lisbon Euronext.**

**We are the only Big Four with a local office in Cape Verde.**

**PwC is the only triple certified Big Four firm in Portugal:**

- management efficiency;
- environmental protection;
- Hygiene, security and health parameters in the workplace.

**Considered the best place to work in the "Big Companies" category in Portugal, in the same sector/CAE (industry code), by Exame/Accenture in 2015.**

**Elected for the 5th consecutive year (2008 to 2012) "International Transfer Pricing Firm" in Portugal by the International Tax Review.**

**We are services provided leaders in the oil sector, in Angola.**

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## Distinctive Credentials - Global

The 10 most powerful brands in the world

- 1st 
- 2nd 
- 3rd 
- 4th 
- 5th 
- 6th 
- 7th 
- 8th  ←
- 9th 
- 10th 



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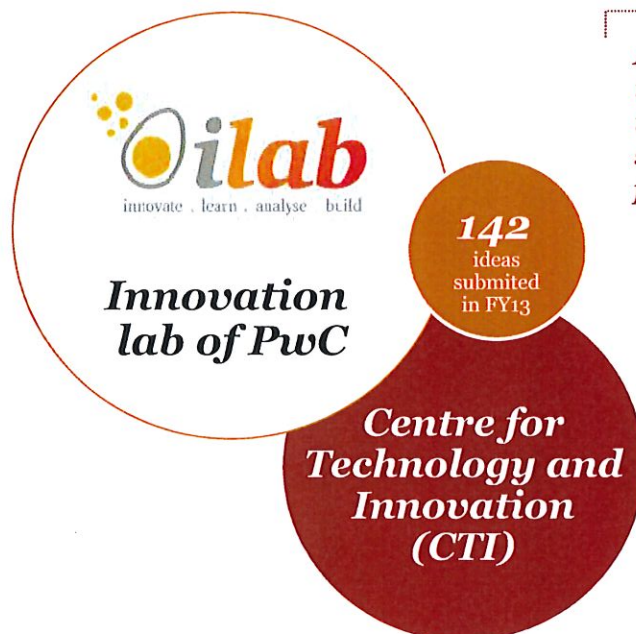
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## ***Distinctive***

We innovate

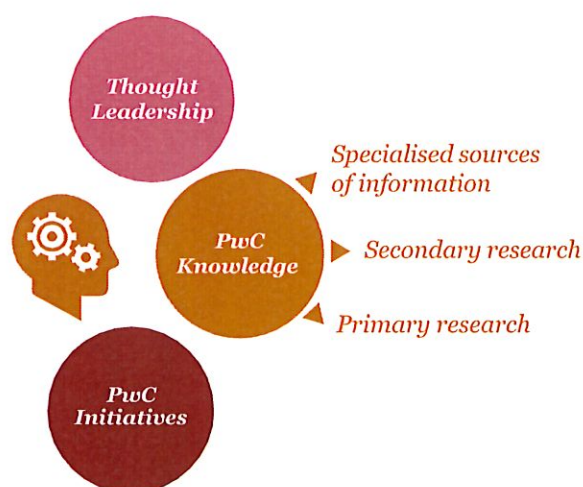


***At PwC we believe that it is necessary to innovate to stay one step ahead of existing practice.***

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## ***Distinctive***

We share knowledge



***PwC has an internal team dedicated to knowledge management to improve the value of its projects.***

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## Distinctive

We share knowledge – Thought leadership



**CEO Survey Portugal 2016**  
How do CEOs face the current economic climate?



**Inovação: ADN ou atitude?**  
Find out how innovative firms enhanced their operational efficiency and growth twice as fast as the rest of the market.



**Principais desafios do turismo 2014**  
PwC launched this initiative with the aim of stimulating a discussion about the main challenges of the tourism agenda in Portugal in 2014.



**Portugal E&M Outlook: 2013-2017**  
This is a relevant global study that analyses past and forecast data of a range of segments from the E&M sector.



**Principais desafios da indústria em Portugal**  
PwC invests in industry as a major driver of economic recovery in Portugal.



**HELM – PwC Economy of the Sea Barometer, 7th edition**  
This is a tool that helps in the interpretation with the evolution of the maritime economy in Portugal, as well as the prospects for future.

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## Distinctive

We share knowledge – Thought leadership



**The Africa Business Agenda**  
This study provides a deep analysis of the opportunities and challenges in african countries.



### Africa Tax Project

A project in collaboration with Católica University.  
These documents were a result of a project called *Católica Tax*, which collect current tax legislation and shares it online for the professional and academic community.

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## Distinctive Corporate Social Responsibility

**Corporate Social Responsibility** is about showing leadership. It's about taking decisions that show integrity towards the client and the market as a whole, as well as our commitment to our workforce and the community around us.



## Distinctive Corporate responsibility

*Partners across the PwC network collaborate with developing countries by contributing with their time and professional skills: the Ulysses project*



***“The Educating the Children of Darfur project is tangible proof of the good that can be achieved through public and private sector partnership, even in the most remote and difficult of locations. The project is only one component of the partnership between UNHCR and PwC. The success of our partnership over the last three years has reset the bar for our relationship with the private sector.”***

António Guterres, UN High Commissioner for Refugees

## Distinctive Corporate Responsibility

### Portugal



**1.827 hours**

Pro bono work  
(number of hours).



**62%**

Of our people are satisfied with  
our environmental initiatives.



**56.484**

Training hours to our staff.



**ISO 9001**

**ISO 14001**

**OHSAS 18001**

Triple certification of our  
management system.

Source: Corporate Responsibility Report FY16

## Distinctive Corporate Responsibility

### Network



**59,704**

Number of PwC employees  
who participated in  
activities for the community.



**755,811**

Outsourcing/  
qualified volunteers  
(number of hours).



**24,397,184**

Volunteer hours (million USD).



**63,945,097**

Donations (million USD) from  
PwC to charities around the  
world.

Source: Global Annual Review 2017



# Curricula vitae

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## Curricula Vitae



**João Ramos**  
Partner – Statutory Auditor

### Academic profile

- Degree in Management and Business Administration.
- Post-graduate in Tax Management.
- Management Course for Top Executives (PADE) – AESE.

### Professional profile

- Partner responsible for the electricity and utilities sector in Portugal.
- Member of the Global Renewable Energy Group – GREG.
- State recognised statutory auditor.

### Professional experience

#### General

- Experience in the coordination of listed groups and providing audit and consulting services to international companies, managing and coordinating multidisciplinary international teams.
- Secondment at PwC Washington and experience in projects developed in the United States of America, Angola and Brazil, as well as Quality Review projects in Brazil, France and Mozambique.
- João works with several clients under USGAAP, IFRS and German GAAP.

### Listed and PIE companies

- João has a vast experience serving PIEs and listed Groups. He has been the lead partner for the audit of listed companies and subsidiaries of listed companies, managing and participating in international teams for the financial audit and the evaluation of controls, including Power & Utilities companies.



**Aurélio Amado**  
Partner – Alternate Statutory Auditor

### Academic profile

- Degree in Accounting and Management
- Several internal and international training courses in dealing with International Financial Reporting Standards (IFRS) and US GAAP as well as the Securities and Exchange Commission (SEC) requirements in relation to the reporting of foreign entities listed in the New York Stock Exchange.

### Professional profile

- Partner responsible for the assurance financial services area in Portugal
- Deputy Senior Partner of the Territory Leadership Team of PwC Portugal.
- State recognised statutory auditor

### Professional experience

#### General

- Experience in the coordination of listed groups, namely in the financial industry. Coordination of several international projects and the Asset Quality Review project (AQR) at BCE request.

### Listed and PIE companies

- He has provided professional services to several PIEs clients in Portugal, also participating in international teams for financial audits and other assurance services.

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***Lisboa***

Rua Sousa Martins, 1 - 2º  
1069-316 Lisboa (Portugal)  
Tel: 213 599 000  
Fax: 213 599 999

***Porto***

Rua António Bessa Leite, 1430 - 5º  
4150-074 Porto (Portugal)  
Tel. 225 433 000  
Fax. 225 433 499

***Praia***

Edifício BAI Center, Piso 2 Direito  
Avenida Cidade de Lisboa  
C.P. 303 Cidade da Praia,  
República de Cabo Verde  
Tel: (+238) 261 5934  
Fax: (+238) 261 6028

***Luanda***

Edifício Presidente  
Largo 17 de Setembro n.º 3, 1º andar - Sala 137.  
Luanda (República de Angola)  
Tel: (+244) 227 286 109/ (+244) 227 286 111  
Fax: (+244) 222 311 213

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A satellite night view of Europe, showing the continent illuminated by city lights against the dark background of the night sky. The horizon of the Earth is visible at the top, with a thin blue and white glow from the atmosphere.

# EDP Group

Services Proposal  
Executive Summary

December 23<sup>rd</sup> 2016



Building a better  
working world



# Contents

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**João Alves**

Global Client Service Partner  
Grupo EDP

**"We have the energy, the motivation and the capacity for a long-term relationship with the EDP Group."**

**We are the only Big 4 who can become the entire Group's new auditor for the next five years.**

**With more than 130 projects carried out with the Group in three years, we are committed to maintaining this level of engagement and quality of our delivery. "**



## Summary:

1. As one globally integrated firm, EY's governance includes rules that ensure that EDP's Global Client Service Partner has the **ability to deliver the same level of quality across all markets**
2. The allocation of the Iberdrola, Águas de Portugal, BP (all facing mandatory rotation at the end of 2017) and Sonangol's teams, guarantees **seasoned resources with a shared working experience**
3. Access to global Power & Utilities (P&U) experts enables the team and EDP to benefit from the knowledge generated by EY's work with global companies
4. The use of a single audit tool in all markets allows **real-time monitoring of the execution of the work, strong central coordination and timely reporting of the audit results**
5. EY is the only Big 4 that has no impediments to being the sole auditor of EDP Group in all markets between 2018 and 2023

# 01

## Why EY

## 01 Why EY

### What all the tenderers can claim

We are members of a global network

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We have the resources required to build teams to EDP

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Our audit is adjusted to the sector's risks

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We have advanced audit tools

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We want to be the auditor of a part of EDP's Group

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## What only EY can deliver

### A single global firm, legally integrated

- ▶ We are a single firm, applying locally a global strategy and purpose
- ▶ We have long abandoned the franchise model
- ▶ Our internal rules give EDP's Global Client Service Partner the ability to influence the evaluation and compensation of all Group partners
- ▶ This is the only way to ensure the same quality of service in all markets

### Experienced teams, in all countries, ready for EDP

- ▶ In Spain, the United States and Brazil, we will allocate to EDP the current audit team of Iberdrola (subject to mandatory auditor rotation in 2017)
- ▶ In Portugal, we will allocate to EDP the previous Sonangol team, as well as the current team of Águas de Portugal and BP, whose mandates will end in 2017
- ▶ Having completed 132 projects with EDP in the last three years, we have a strong knowledge of the Group
- ▶ EY Portugal is investing in the training of resources in international engagements (Shell, Iberdrola and Endesa)
- ▶ Adilvo França, a Brazilian partner specializing in P&U (Iberdrola), will transfer to the Lisbon office

### Global sector experts involved in the audit

- ▶ The audit approach was based on the sector risks identified in international clients by our global Center of Excellence in P&U and by our detailed analysis of the Group's financial reports
- ▶ Benoit Laclau, EY's global P&U leader, knows EDP and will be involved in the project, regularly sharing with the team and EDP the latest trends in the sector

### A single audit tool, enabling global coordination

- ▶ The core team defines the scope and minimum risks to be covered by each team
- ▶ Real-time monitoring of work execution and access to working papers enables strong central coordination and supports regular communication with EDP
- ▶ Using analytics enables the test of populations instead of samples and the identification of business relevant insights, creating value beyond the audit

### A single auditor to the entire Group

- ▶ The current auditor's cooling-off period in Europe, the mandatory rotation of the auditor in Brazil in 2018 and limitations imposed by PCAOB in Brazil position EY as the professional services firm best suited to be EDP's global auditor in the 2018-2023 period (auditor rotation in Brazil occurs every five years)
- ▶ A single auditor, with a clear leadership and the ability to make swift decisions is a key asset to the Audit Commissions and the Group's stakeholders



**Benoit Laclau**

Global Power & Utilities Leader

**"It is an industry that is absolutely critical. When we talk about building a better working world, it definitely starts with power and utilities - because without those, there is no working world."**

**It is also an industry facing severe pressure, both from regulators and innovators.**

**EY is at the forefront of change, working with global clients as they navigate disruption."**



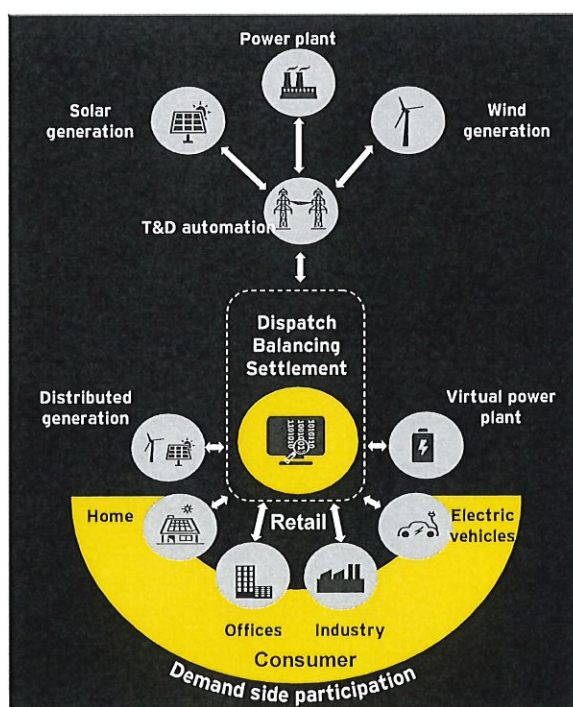
## Summary:

1. The development of emerging countries, where there are still major difficulties in power supply, puts pressure on the production and distribution of energy
2. Capacity, quality and price of supply are increasingly important as a means of ensuring economic progress, accelerating the digital economy and driving sustainable growth
3. The volatility of public energy policies and the pressure of regulators create instability for business growth strategies
4. The uncertainty arising from all these factors is resulting in very high levels of impairment in developed markets
5. The auditor should be able to understand the major trends, communicate the risks and maintain a constructive attitude towards the implications for financial reporting

# 02

## Challenges to the Group

## 02 Challenges to the Group



### What the future holds

Digital	Utilities will need to build an integrated and secure ecosystem that leverages digital intelligence to integrate information about workforce, assets and customer, and enable an "always on" functionality
Decarbonized	Although centralized generation will continue to play a major role, distributed generation combined with storage technologies will open up the energy system to very high renewable penetration
Electrified	Increased use of renewable energy sources and switching to electricity in areas such as heating and cooling, and transport, will help reduce dependency on fossil fuels.
Efficient	The system requires much greater flexibility, agility and ability to dynamically optimize grid operations in real time. Grid optimization can be enhanced through integrating dispatchable resources (existing fossil and hydro generation, and energy storage and demand response) in a cost-effective manner
Consumer-driven	Consumers are increasingly energy-conscious, connected and demanding. Enabled by smart platforms and virtual markets, they are increasingly able to store, produce, manage, buy and sell energy.



## What is changing?

### Government and regulatory change

Regulatory encouragement of renewables in response to climate change concerns; energy reform driving investments as governments open their energy markets to competition

### Modernization and digitization of the grid

A digital grid that is more controllable and interconnected, enabled by technology innovation that integrates all energy sources from disparate points on the grid

### Transition to a clean energy future

Changing mix and characteristics of electricity generation sources are shifting electricity generation from few relatively large central power stations to many smaller variable generators

### Energy use and demand

Changing demand loads in retail electricity markets resulting from demographic and economic shifts; adoption of more energy-efficient, end-user technologies; growing consumer participation; and broader electrification

### Consumer behavior and expectations

Consumers increasingly taking control of their own electricity production and demanding more choice, personalization, and power in their interactions with utilities

### 1 billion people do not have access to electricity

Reliability, quality and cost of energy are essential to economic progress, the acceleration of the digital economy and sustainable growth

### Audit implications

- ▶ The impact of the regulatory environment and of policies promoting investment in renewables requires additional caution when assessing assets and going concerns
- ▶ Technological innovation, decentralized production and growing consumer power requires additional challenges of business assumptions, especially in the production of energy from non-renewable sources

### Value to EDP Group

- ▶ EY's international integration, easy access to our P&U Center of Excellence and Benoit Laclau's integration in the team ensures a permanent update on emerging risks
- ▶ A timely and transparent communication policy, and a constructive stance when facing new challenges, enables the identification of the best technical solutions and avoids surprises on the completion of work (e.g. impairments)



**Adilvo França Manuel Mota**

Engagement Partners EDP

**"Our ongoing work with EDP on dozens of projects has resulted in in-depth knowledge of its key business areas as well as its people, processes and systems.**

**We believe that these professional experiences have earned us a trust-based relationship with the Group."**



## Summary:

1. In the last 3 years, we have executed 132 projects for the EDP Group in 20 countries
2. We have studied the global risks of the sector and have carried out a thorough analysis of the matters impacting the financial statements of EDP and EDP-R
3. We know the regulatory framework of the Group's activities in all key markets for the business
4. We have direct knowledge of many of the people, processes and systems that will be relevant during the audit
5. We integrated the people with the best knowledge of the Group into the audit team, with a view to an efficient transition process
6. The EDP Group already knows our ability to deliver a quality service

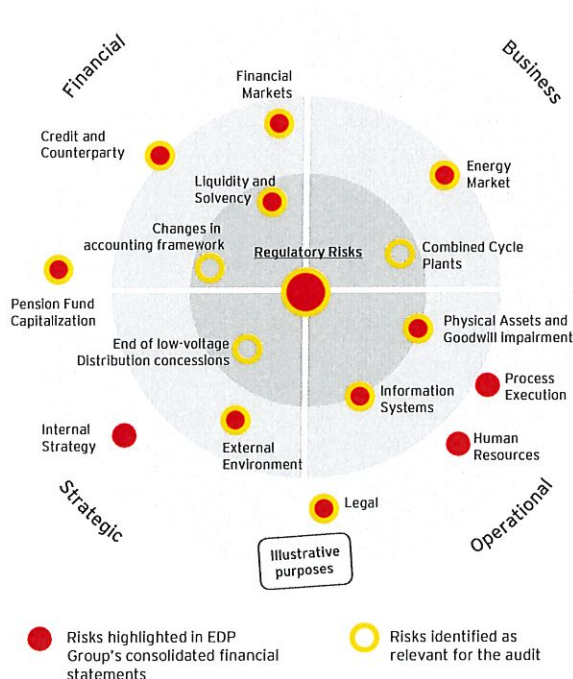
# 03

## Mutual knowledge

## 03 Common knowledge

### We know the industry and business risks

Sector	<ul style="list-style-type: none"> <li>▶ We audit or deliver other services to utility companies with a similar geographic footprint</li> <li>▶ Our P&amp;U Center of Excellence monitors continuously the challenges to your business</li> <li>▶ EDP will have direct and regular access to Benoit Laclau, EY's Global P&amp;U leader, who knows EDP and will support the team</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>▶ We follow technical and sector regulators closely and are frequently consulted on the impact of future changes</li> <li>▶ EY Brazil played a key role in the definition of regulations with impact on financial reporting, which later resulted in additional revenues for the Group of 190m€ in 2014</li> <li>▶ We know the regulatory environment in the countries where the Group is present</li> </ul>
Business	<ul style="list-style-type: none"> <li>▶ A substantial part of Iberdrola's team, whose mandate ends in 2017, will be allocated to EDP's team</li> <li>▶ We know the sector's competitive structure and growth drivers</li> </ul>
EDP Group	<ul style="list-style-type: none"> <li>▶ We have recent experience working with a large number of companies in the EDP Group, in different markets and business units</li> <li>▶ We have conducted an exhaustive review of the audit risks stated in and inherent to the Group's financial statements</li> </ul>



# 132 projects with EDP in three years

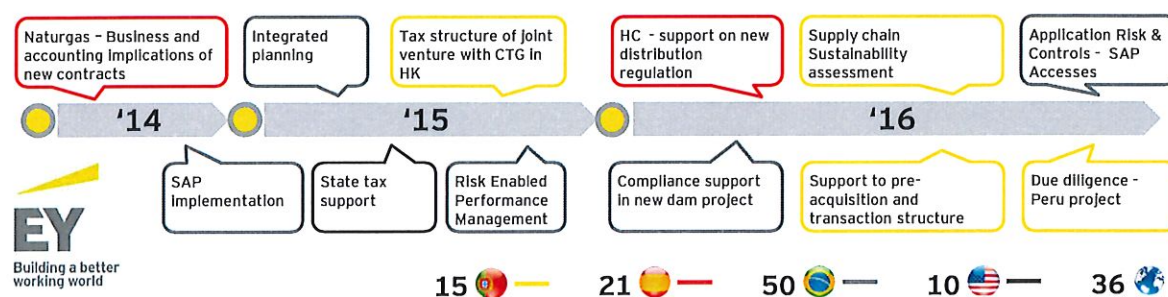
## We know EDP

### Relevance to the audit

- Sectoral, regulatory and business risk knowledge allows for a more transparent audit approach in areas with greater potential for material misstatements
- Knowledge of processes and people allows the design of more effective tests and more open communication
- Direct knowledge of the Group's information systems ensure our ability to perform tests on whole populations, with more efficient data collection and broader use of analytics for the detection of trends or events not normally visible in traditional approaches

### Value to EDP

- The advantages of a new perspective on the business risks without the drawbacks of an audit team without sectoral knowledge
- An efficient, non-disruptive transition process for the Group's operational teams
- Open, transparent and timely communication, with a "can do" attitude towards finding solutions
- Presentation of audit findings that include relevant business insights, which can be used to improve operations



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## Working with the regulator in the definition of the accounting framework of regulated assets and liabilities

**Company:** EDP Brasil

**Partner EY:** Idésio Coelho

**Sponsor EDP:** n.a. - participação em discussões técnicas com impacto no setor

- In Brazil, EY has been a reference in the discussions of the regulatory framework of the electricity sector, through its leadership of both the Brazilian Institute of Independent Auditors and the Working Group of the Electricity Sector, whose president and leader are EY Brazil partners
- In 2014, the president of the Brazilian Institute of Independent Auditors, an EY partner, represented the auditors in the discussions with agents of the electricity sector, which resulted in the definition of the accounting framework to be used in the registration of regulatory assets and liabilities in the financial statements of energy distributors (which until then were not recognized). For EDP Brazil this resulted in an additional revenue of R \$ 600 million / EUR 190 million, in 2014

## Document Management System

**Company:** EDP Energias de Portugal S.A.

**Partner EY:** Jorge Nunes

**Sponsor EDP:** Martins da Costa

- Under the EDP One program, which aims to ensure cultural and operational harmonization in the Group, EY has supported the definition and operationalization of the new Document Management model for the entire Group, supported by the best market practices. In its first phase, the work was centered on 5 major specific objectives:
  - Vision definition for document management
  - Design of the new regulatory framework for the entire Group
  - Definition of a governance model
  - Selection of the new information management platform
  - Design of a roadmap for operation of the new model and computer platform

## Compliance Support in dam construction project

**Empresa:** Empresa de Energia São Manoel

**Partner EY:** Luciano Albertini/Lucio Teixeira/Enéas Moreira/Marla do Carmo Leocádio

**Sponsor EDP:** Luiz Otávio Henriques

- Assessment of potential compliance risks, involving possible deviations within the work. EY has developed a plan and implemented procedures to mitigate these risks, on the following fronts:
  - Verification of the integrity program and the risks of bribery and corruption of the consortium
  - Economic and financial analysis of the work, and its financial versus physical execution
  - Survey of potential risks of non-compliance in performance of the contract
  - Verification of the preparation processes of the financial statements of the consortium
  - Analysis of the tax and labor issues of the consortium

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### Assessment of the impacts of changes in asset accounting criteria

**Company:**  
Hidrocontábrico

**Partner EY:** Curro Rahola

**Sponsor EDP:**  
Félix Arribas and  
Valentín  
Valcuende

- There is a new regulation in place for Spanish electricity distribution activity based in standard costs rather than in actual CAPEX and OPEX. In this context, the regulatory value of assets as of 31.12.2014 will be recognized linearly as a whole in 24 years.
- EY advised Hidrocontábrico in the accounting consequences of this new regulation and also in making the calculations of each of the alternatives that were considered during the process.

### Tax implications of alternative locations of JV with China Three Gorges

**Company:** EDP Internacional S.A.

**Partner EY:** Pedro Fugas

**Sponsor EDP:**  
Pedro Vasconcelos

- EY carried out a global study on the tax implications of the creation of a joint venture between EDP and China Three Gorges in order to channel significant investments into new projects in various geographies
- Our work consisted in evaluating the impact of the location of the new JV in various locations (Dubai, Hong Kong, Luxembourg, Macau, Shanghai and Singapore), taking into account its object and the local fiscal framework
- This work resulted in the establishment of the JV in Hong Kong

Description	Number of projects	Fees (current year)	Fees (accumulated)	Completion date
Total open projects with companies in the EDP Group over the last three years	132	3.762.275	8.950.621	
Services Identified as potentially relevant in terms of Independence assessment (PCIP)	54	1.262.657	2.971.376	
Of which, generally prohibited:	6	61.399	78.163	
Of which, already closed:	1	2.820	8.280	
Ongoing:	5	58.580	69.883	
Belgium	2	19.149	69.883	31-12-2017*
Brazil	2	39.431	0	31-12-2016
Italy	1	0	0	31-12-2017*

\* Non prohibited in the cool-in period

Source: PCIP and GIS. This table illustrates EY's tools ability to monitor and control our Independence as auditors. Additional Information on section 7.



**João Alves**

Global Client Service Partner  
EDP Group

**"The structure of the team was aligned with that of the Group to enable frequent and transparent communication.**

**The team members were chosen based on their technical competence, professional experience and shared work experience.**

**We have the resources, in every geography, to ensure a quality audit."**



## Summary:

1. A strong leadership team, ensuring central coordination close to the Group's decision-makers, knowledgeable in the industry and with extensive experience in leading complex international audits
2. The allocation to the EDP Group audit of the audit teams of Iberdrola, Águas de Portugal, BP and Sonangol ensures the utilization of resources that combine technical proficiency, sector knowledge and relevant shared team work
3. The access to global sector experts enables the team and the Group to have access to EY Knowledge, resulting from the direct work with regional and global leaders
4. EY Portugal is investing in the training of Portuguese Managers and Senior Managers in international projects (Shell, Iberdrola and Endesa)
5. Adilvo França, Brazilian P&U expert, will be relocated to EY's Lisbon office, where he will be a key member of the leadership team

# 04

## Team

## 04 Team

### The team selection criteria

Highly experienced partners, with a track-record of leading complex audits of international groups, in the energy sector, in Portugal, Spain, Brazil and the USA

Team members from the Iberdrola, Águas de Portugal, BP and Sonangol engagements, who have excelled in serving these clients

Sector experts who have been involved in other projects involving companies of the EDP Group

Specialists in the audit of Shared Service Centers

**Strong, technically proficient teams, with robust sector knowledge, featuring resources who have been involved in projects for Group companies**

### A clear governance model

#### GCSP: a clear audit leader

As a single, legally and economically integrated firm, EY empowers the Global Client Service Partner to effectively lead the audit: allocating resources, interacting with the client, monitoring the delivery and making the final call on decisions regarding any issue resulting from the audit

#### Relevance to the audit

- Clear leadership in a focused coordinated team;
- Clear alignment of teams across countries and business units
- Effective mechanisms for the identification and settlement of disputes
- Clear identification of who to speak to, at all levels
- Power to review the performance of all Partners involved in the audit

#### Value to EDP





- Clear local accountability before the Group
- GCSP authority to "speak for the Firm" on all relevant matters
- João Alves' experience in the role, and his leadership of EY Portugal and of EY's Mediterranean (Italy, Spain and Portugal) Markets team
- The Coordination team's experience in the P&U sector
- Ability to mobilize the best resources anywhere in the world, ensuring quality of service



Benoît Laclau - Advisor P&U	João Alves – GCSP				EDP's Executive Board of Directors  Oversight General Counsel  Audit Committee
	Manuel Mota and Adílvo França – Group Engagement Partners				
	EDP Group - Portugal	EDP Group - Espanha	EDP Renewables Group	EDP Brasil	
	Manuel Mota - Partner Adílvo França - Partner	David España - Partner	Curro Rahola - Partner Adam Bahnsen - Partner	Adílvo França - Partner	
	Charles Emmanuel Chosson - Global P&U sector reviewer				
Consolidation team	Manuel Mota - Partner Vasco Lopes - SM				Consolidation, IFRS and Tax Direction
	Vasco Lopes - SM	Alnara Marcalda - SM	Alnara Marcalda - SM	Lucas Brandão - SM	
Regulation team	Nuno Palva - SM	Alnara Marcalda - SM	Alnara Marcalda - SM (Eur)	Fulvio Carvalho - SM	Regulation Committee
			Fulvio Carvalho - SM (Bra) Dirk a Rasmussen-SM (NA))		
Shared Services Center Team	Catarina Salavisa - SM	Iñigo Alcibar - M	Loreto Maza - M (Eur + Bra) Chad Jones - M (NA)		EDP's SSC
Apolo de Especialistas					
IFRS	Carla Viana - ED	Hildur Elr Jónsdóttir - Partner		Fern. Canevari - Partner	Corporate Directors  Business Units  EDP's specific Committees (functional structures)
Tax	Pedro Fugas - Partner	Alfonso Puyol - Partner	Castor Garate - Partner	Andrea Welchert - Partner	
Valuation	Miguel Farinha - Partner	Francisco Ramos - Partner		Andrea Fuga - Partner	
IT	Carlos Basto - Partner	Ramiro Mirones - Partner		Cláudia Marona - Partner	
Pension Fund	Carla Perelra - SM	Enrique Hidalgo - SM		Ricardo Pacheco - Partner	
Financ. Instruments	Ana Salcedas - Partner	Asís Vellila - Partner			
Internal Control	Isabel Farla - SM	Ignacio de Sopena - Partner			
Compliance	Pedro Cunha - Partner	Juan Carlos Garrido - Partner			
Sustainability	Bern. Augusto - Manager	Alberto Castilla - Partner			
ED – Executive Director, SM – Senior Manager, M – Manager					

ED - Executive Director, SM - Senior Manager, M - Manager

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Experience			
 <b>Adilvo França</b> <b>6,6 bn€</b> Audited revenues, 2015	 <b>Manuel Mota</b> <b>21,0 bn€</b> Audited revenues, 2015	 <b>Curro Rahola</b> <b>28,5 bn€</b> Audited revenues, 2015	 <b>Adam Bahnsen</b> <b>6,0 bn€</b> Audited revenues, 2015
<b>Clients:</b> Iberdrola, Neoenergia, Shree Renuka, Rodovias Tietê, Siemens, ZF	<b>Clients:</b> Sonangol, SAIPEM, BP, Iberdrola, Endesa	<b>Clients:</b> Iberdrola, ENGIE, Bombardier, Erhardt, Schneider Electric	<b>Clients:</b> Dynergy, Crestwood Equity Partner LP, Vitol
<b>Relevance to the audit</b> <ul style="list-style-type: none"> <li>An experienced leadership team capable of ensuring central coordination of work close to the decision centers of the EDP and EDP-R Groups</li> <li>Leaders who can use teams with which they have been working for several years, ensuring a perfect alignment from the start of the audit</li> <li>Direct knowledge of the regulatory and business environment of the relevant markets for the Group</li> <li>Integration of the team of experts in all matters identified as relevant for the audit of the Group's financial statements, including actuaries, specialists in the evaluation of complex financial instruments, specialists in the audit of information systems and tax experts</li> </ul>		<b>Value to EDP</b> <ul style="list-style-type: none"> <li>Key contacts with the technical skills and the sectoral knowledge needed to interact with the social and supervisory bodies of the EDP and EDP-R Groups</li> <li>Access to industry experts, including Benoit Laclau and Charles Emmanuel Chosson, for periodic communications, providing access to industry-wide trends and best practices in the sector's financial reporting, its relationship with regulators, and the relationship with Markets</li> <li>Clear accountability for the execution of work, openness to define a communication policy appropriate to the needs of each Group and a clear and effective decision-making mechanism in case of differences in interpretation</li> </ul>	

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## Equipa para o Grupo EDP-R

Benoit Laclau - Advisor P&U	João Alves - GCSP			EDP R Board of Directors EDP R Executive Board of Directors Audit and Control Committee - EDP R
	Manuel Mota e Adilvo França - EDP Group Engagement Partners			
	Curro Rahola - EDP Renewables Group Engagement Partner			
	Europa	Brasil	América do Norte	
	Curro Rahola - Partner	Adilvo França - Partner	Adam Bahnsen - Partner	
	Enrique Quijada - Quality Reviewer			
Consolidation Team	Curro Rahola - Partner Alnara Marcalda - SM			Consolidation, IFRS and Tax Direction
Regulation Team	Alnara Marcalda - SM	Fulvio Carvalho - SM	Dirk a Rasmussen - SM	EDP R Regulation Team
Shared Service Center Team	Loreto Maza - M		Chad Jones - M	EDP R Shared Service Center
	SM - Senior Manager, M - Manager			

SM - Senior Manager, M - Manager

### Relevance to the audit

- ▶ The transition of the Iberdrola team to the EDP-R audit ensures a clear understanding of the business and regulatory environment challenges in the markets in which the Group is present
- ▶ Curro Rahola, who is EY's Med region (Italy, Spain and Portugal) Power & Utilities assurance leader will be the signing partner of EDP-R Group
- ▶ Curro chose, as lead partners in Brazil and the United States, professionals with whom he has worked for many years

### Value to EDP

- ▶ Clear leadership of the audit process in Spain
- ▶ Curro Rahola's availability for regular consultation with EDP's Group on technical and regulatory issues
- ▶ Transition of the Iberdrola team ensures extensive experience in the Spanish market and knowledge of the regulatory environments in Europe, the United States and Brazil
- ▶ Access to industry experts, including Benoit Laclau and Enrique Quijada, for periodic communications, providing access to global industry trends and best practices in financial reporting, regulatory and market relations

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## A clear governance

Audit coordination
João Alves (Global Client Service Partner), supported by Manuel Mota and Adilvo França, has the final word on any audit issue, in any market, being responsible for the global audit, supervising all the teams.
The coordination of the audit of each Group will be done by: <ul style="list-style-type: none"> <li>▶ EDP Portugal - Manuel Mota (signing partner) and Adilvo França</li> <li>▶ EDP Renováveis - Curro Rahola (signing partner) and David España</li> <li>▶ EDP Spain - Curro Rahola (signing partner) and David España</li> <li>▶ EDP Brasil - Adilvo França (responsible for the consolidation review of the EDP Group)</li> </ul>
Each of the persons identified will discuss the respective Group's affairs with the respective Administrations / Executive Committees and Audit Committees
As part of the audit plan, João Alves, Manuel Mota and Adilvo França will meet regularly with the EY Partners responsible for each of the EDP Groups, namely: <ul style="list-style-type: none"> <li>▶ At the annual planning stage of the work</li> <li>▶ In the "pre-close" phase for discussion of preliminary issues in each of the quarters</li> <li>▶ In the "final" phase to discuss the final issues</li> </ul>
Manuel Mota and Adilvo França will be in permanent communication with the Corporate Center and both they and João Alves will meet regularly and whenever requested with the Executive Board of Directors / Executive Committee and with the Audit Committees

Professional mix			
Partner	Senior Manager / Manager	Senior	Staff
4%	19%	34%	43%
3.963	18.062	32.539	41.013

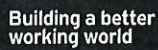
Allocation of hours of the leadership team	
Nome	Horas anuais
João Alves	100
Manuel Mota	900
Adilvo França	600
Curro Rahola	300
Adam Bahnsen	300
Benoit Laclau	50
Charles Emmanuel Chosson	100
Total	2.350

### Value to EDP

- ▶ A coordination team clearly engaged with the project
- ▶ Continuous monitoring of the work
- ▶ Availability for regular contacts, including briefings on the execution of the work and sessions for discussion of technical or business topics relevant to the Group
- ▶ A level of involvement that gives stakeholders and oversight bodies increased confidence in the audit process

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## Summary:





1. EY leads or disputes the leadership of the audit market in the countries where EDP is present
2. EY leads the Portuguese market in auditing clients of the non-financial sector and audits the other large utilities operator - Grupo Águas de Portugal
3. We audit large international Power & Utilities companies, including Iberdrola, Endesa, ENEL, GDF and Vattenfall
4. We have more than 4400 employees specialized in Power & Utilities, more than half of whom are regularly involved in auditing processes
5. We regularly produce Thought Leadership materials with content that results from working directly with global leaders and sectoral studies developed by EY

# 05

## Credentials

## 05 Credentials

### EY credentials in Audit

			
Country	Market rank	Headcount	Partners/ Executive Directors
Portugal *	#1	452	20
France	#1	2.194	203
USA (Southwest)	#1	3.010	250
Brazil	#2	1.605	101
Poland	#1	488	26

\* Non-financial sector

### Relevance to the audit

- The work with other global leading firms allows a clear identification of business, regulatory and internal control environment risks, which can be adapted to the reality of the EDP Group
- Easy access to experts in sector, financial reporting or regulation matters
- Ease of access to best practices that can be used for auditing, accounting or financial reporting
- Extended resource pool for possible additional allocation of auditors or specialists to EDP Group teams

### Audit clients in P&U

(not exhaustive)

Neoenergia

Coelba

Cosern

Celpe

Vattenfall

GDF

Enel

Águas de  
Portugal

Iberdrola

Enagas

Endesa

### Value to EDP

- Audit teams with direct knowledge on and access to specialists in technical matters related to auditing, internal controls, financial reporting, business environment and regulatory framework
- Access to Thought Leadership materials and events that promote networking among EY clients, fostering the sharing of experiences
- Access to best practices in sectoral financial reporting
- Access to specialists for discussion of regulatory framework and discussion of the accounting and financial reporting implications



## Audit leadership in Portugal

	2015, Big 4 audit revenues, m€		
	Total revenues *	Non financial sector revenues **	Non-financial sector market share
EY	39,2	38,7	27,5%
KPMG	40,0	37,6	26,7%
PWC	41,0	36,9	26,3%
DT	32,5	27,5	19,5%
Big 4	152,7	140,7	100,0%

\* Transparency reporting data. Unlike some of its competitors, EY's total revenues in Portugal do not include relevant amounts in outsourcing and accounting services

\*\* Total audit revenues reported in the transparency reports, excluding audit services billed in Portugal to the largest banks and insurance companies (according to the financial statements)

### Fastest growing professional services firm



Source: Transparency reports

Audit Clients Public Interest Entities and Large Groups (except financial sector, not exhaustive)			
ABB	BP Portugal	Iberdrola	Siemens
Águas de Portugal	CEPSA	José de Mello	Somague
Andrade Gutierrez	COLEP	Luz Saúde	Sonangol
Aquapor	Delphi	NOS	Verizon
BA Glass	EDF/Veolia	Oracle	Visabeira
Barraqueiro	Endesa	RAR	Vista Alegre
Bial	F. C. Gulbenkian	SAG	Visteon

### Recent auditor transitions to EY

Jerónimo Martins	Caixa Geral de Depósitos
Altri	Novo Banco
Corticeira Amorim	COFINA

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## Power & Utilities Center of Excellence: global clients and Thought Leadership

Clientes internacionais no sector de energia	
Auditoria	Outros serviços
Acea	A2A
AES Sonel SPA	Alstom
Alpiq	Centrica
Asco Holding	Duke Energy**
CEZ	Dong Energy A/S
Derichebourg	EDF*
Elektron A/s	EDP Portugal*
Enel/Endesa*	EnBW Energie Baden-Württemberg
Enxels Holding	E.ON
Eurogen C.V.	Eskom
Iberdrola*	Exelon**
Inter RAO	Fortum
N.V. Nederlandse Gasunie	GALP Energia
Public Power Corporation	Gas Natural Fenosa***
Rosseti	NextEra Energy**
Saudi Electricity Company	RWE
Stadtwerke Köln	SSE*
Suzlon Energy	Southern Company**
Vattenfall	Statkraft
Veolia Environnement	UK National Grid

\*Top 5 Energy Utility EMEA (Q3 2016) / \*\*Top 5 Energy Utility Americas (Q3 2016) / \*\*\* Top 5 Gas Utility EMEA (Q3 2016)

### Producing sector knowledge

Over the past year, more than 4,400 EY employees have worked and gained experience in our Power & Utilities clients. More than half of these experts have participated in auditing work, as auditors or specialists in the supporting audit processes (internal control, information systems, taxation, actuarial, valuation of financial instruments).

The knowledge compiled in these projects, as well as the execution of specific sector studies, results in the production of content that is used in internal training courses and in the preparation of materials for clients.

As an EY client, EDP has access to our entire sector, technical and regional Thought Leadership, resulting in additional elements to base its decision-making processes on, at a time of increasing competition and regulatory pressures.



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## Our approach to impairments

The identification of upcoming regulatory or business environment changes triggers a prior assessment of potential impacts

The identification of possible impairment indicators during the audit triggers the need to carry out impairment tests (IAS 36)

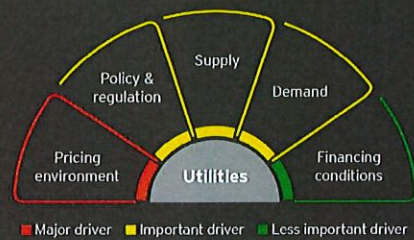
The EY Sector Centers of Excellence's centralized knowledge is used to identify reputable sources of information and relevant benchmarks to develop tests that allow assessing potential impairments

The results are initially discussed with the relevant jurisdictions, with a constructive assessment of the implications

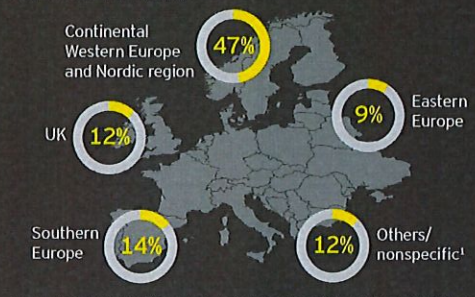
The conclusions are discussed with risk management teams, the board of directors and the Audit Commission

A structured approach to any indicators of impairment or signs of regulatory change that may trigger them, applying sound benchmarks in their analysis and an open and timely communication of the conclusions

### Key drivers of asset impairments – 2015



### Impairment by geography: 2010-15



Source: EY study - Benchmarking European power and utility asset impairments - Testing times ahead

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**Manuel Mota**

EDP Group Engagement Partner

**"After two years using EY's digital approach to audit, there is a vast difference between the traditional processes and the use of data analytics supported by the new tools.**

**With this unique tool applied to all work fronts, we are able to centrally set the parameters of the different risk areas and monitor the progress of the work in real time."**



## Summary:

1. EY's international integration enabled a 400M USD investment in the development of our global audit tool - EY Canvas - which is used by all teams in all markets
2. EY Canvas allows the central definition of the risks and the ability to set the parameters of the audit instructions to be followed by all teams
3. EY Canvas enables the team to control the execution of work in real-time, confirming the conclusion of tests and the sign-off of each activity
4. The tool's integration with the client's information systems - especially robust in the SAP environment - enables testing of entire populations, not just samples
5. A set of support tools allows for the intensive use of analytics, identifying relationships between data that are normally invisible to traditional methodologies and delivering relevant information for the audit as well as valuable business insights

# 06

## Innovation: digital audit

## 06 Innovation: digital audit

### Audit innovation

Full data capture and analysis vs sampling

Big Data

Audit focused on key-risks

Process insight reports

Trends and exceptions

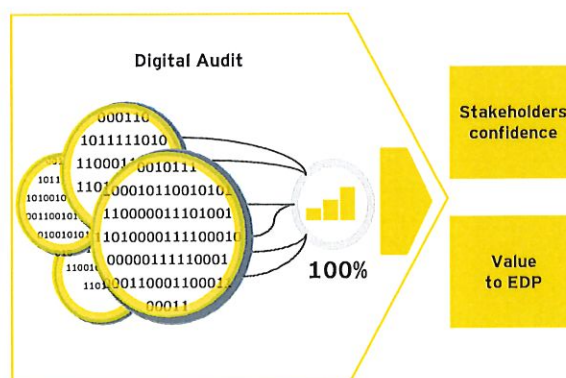
Benchmarks

More robust  
audit  
conclusions

Relevant  
operational  
and business  
insights

### Relevance to the audit

- The central team has full control over the definition of risks and the scope of the work to be carried out
- Real-time monitoring of the execution of each activity assigned to all teams enables a timely identification of delays in performing the audit and triggers decisions to ensure compliance with deadlines
- The use of electronic tools and analytics in the analysis of large volumes of information frees the audit team to concentrate on higher added value tasks, including the analysis of higher risk or professional judgment matters
- Population analysis results in a greater robustness of the audit



### Value to EDP

- Ability to monitor the execution of the audit and the issues identified on each work front
- Communication with the auditor supported by relevant information, including working documents from teams in other markets
- Access to reports with business insights, based on the analysis of large volumes of information, supported by analytical techniques
- Stronger audit findings, resulting in greater reliance of oversight bodies and stakeholders



## Cybersecurity risks

Critical processes supported in IT systems	Added exposure to threats
Growing use of remote grid monitorization technology	
Increase in the volume of client sensitive information processed	
Growing volume of online transactions	Added pressure on processes and systems
Increase of regulatory pressure on data protection	
IT infrastructure management risks	

## Relevance to the audit

- ▶ The increasing volume of information that stems from electronically processed transactions and its affects on the financial reporting requires testing to confirm the effectiveness of processes, controls, segregation of functions, and control of risks associated with cybersecurity
- ▶ The potential for fraud associated with the misuse of information systems requires the use of forensic specialists
- ▶ Any business disruption caused by cyber attacks requires additional testing
- ▶ Increased regulatory pressure on data protection, with potential material impact in the form of penalties for lack of compliance, requires specific work on this matter

## EY's experience with EDP

### Support to SAP implementations

Projects involving segregation of functions testing in the use of IT systems relevant to financial reporting

IT systems auditors involved in previous work with the Group

Good knowledge of the Group's people, processes and systems

## Value to EDP

- ▶ An auditor with a high knowledge of the information systems and of the processes and controls used by the Group in the preparation of financial reporting
- ▶ An audit team that integrates Certified Information Systems Auditors
- ▶ The audit process's initial approach includes tests of the reliability of the information systems that support financial reporting
- ▶ Reports with key findings of cybersecurity risk assessment, including actionable recommendations to increase the reliability of systems and processes



**João Alves**

Global Client Service Partner  
EDP Group

**"EY uses a global independence monitoring system that identifies, for each company in an economic group, the restrictions that apply according to the rules applicable in each jurisdiction.**

**Regarding EDP, for many months, any new engagement with a Group company in any country is subject to my prior approval.**

**We are confident about our independence to serve EDP as auditors."**



## Summary:

1. EY has robust independence monitoring mechanisms, applied globally
2. Our independence control tool monitors 499 companies that are classified as being associated with the Group
3. In anticipation of the tender, since 2015 each of these companies is "marked" so that the opening of new engagements is only possible after confirmation of João Alves that this work does not result in risks to our independence
4. EY has mechanisms that compel the collection of information on financial interests held by employees and their immediate family, enabling the control of potential objectivity issues of the audit team
5. We have no doubts regarding our ability to comply with applicable rules and to maintain our independence in the role of EDP's global auditor

# 07 Independence

## 07 Independence

### Global Independence policy

EY's independence policies and processes are designed to enable all local firms and their employees to comply with applicable independence standards, including the local standards, International Ethics Standards Board of Accountants (IESBA) and International Federation of Accountants' (IFAC) standards.

A professional's failure to comply with professional independence requirements will influence promotion and compensation decisions and may lead to further disciplinary action.

All our employees follow a code of conduct that defines expected ethics and independence procedures and behaviors. All EY employees are required to undergo an annual training of about 3 hours on independence, subject to an evaluation process. Scores below a minimal threshold imply a repetition of the test.

### We have verified our independence to audit EDP

For the purposes of this proposal, we have verified the independence of EY in relation to the EDP Group, in particular by reviewing the nature of the services provided in the last twelve months and those that are currently in progress with a scheduled completion period in the twelve months prior to the start of the mandate. We confirm that:

- ▶ No team member proposed for the Group audit has any privileged relationship with persons in positions of responsibility within the Group
- ▶ We have not carried out any project in the last 12 months that places us in a position of conflict of interests with the Group
- ▶ No projects are under way with an expected conclusion for the 12 months prior to the beginning of the mandate and that may affect our independence or result in a conflict of interest with the Group

### Relevance to the audit

- ▶ The ability to benchmark, monitor and maintain an independent relationship with our clients is a core element of our audit practice
- ▶ We are able at all times to ensure that no EY network office anywhere in the world has the ability to open an engagement or bill services to any EDP Group company without the necessary approval processes having been previously fulfilled (Internal and supervisory bodies)
- ▶ We are able at any time to ensure that none of the audit team members or their immediate family members (for ranks from manager to partner) have financial interests that could compromise their objectivity in the course of the audit

### Value to EDP

- ▶ An auditor with the ability to effectively be independent, even if a subsidiary requests services, wherever it is located and regardless of the nature of those services
- ▶ An auditor committed to comply with the applicable independence rules, available to maintain an open communication channel with the supervisory bodies
- ▶ Security to stakeholders regarding compliance with applicable rules on auditor independence



## Global EY tools for monitoring and controlling independence and objectivity

<b>Global Monitoring System (GMS)</b>	Mandatory electronic registration database of financial interests for all EY employees. Required quarterly for partners and annually for the remaining employees. Enables the continuous verification that there are no conflicts of interest or threats to objectivity in the members of the teams chosen to serve audit clients.
<b>Global Independence System (GIS)</b>	Global registry of independence restrictions applicable to each company. It is supported by a database that records shareholding "trees" of multinational firms. Where a company is subject to some type of independence restriction that results from internal procedures or the regulatory framework, the corresponding markup is included in the database.
<b>Global Public Company Independence Procedures (PCIP)</b>	Whenever the possibility of an auditor selection process of a public interest entity is identified, a preventive independence check is carried out. This starts with the update of the information on the companies that make up the Group and the restrictions applicable in each jurisdiction. In the case of the EDP Group, the process started in 2015 and resulted in the insertion in GIS of a code that requires the Global Client Service Partner to decide on the acceptance of new work in all companies (currently 499) of the Group. A summary of the findings of this process is presented in section 3.
<b>Service Offering Reference Tool (SORT)</b>	The SORT tool contains a clear classification of the entire EY service offering, clearly marking each item with the legal restrictions applicable in each geography and for each type of company. It enables the identification of any situations in which the provision of a service could jeopardize EY's independence as an auditor.
<b>Process for Acceptance of Clients and Engagements (PACE)</b>	The opening of each new engagement, by any EY network firm, requires a client acceptance process. This mechanism, supported by an online tool - PACE - always requires GIS to be taken into account. The system prevents the opening of a new engagement in a company that is registered in GIS as having independence restrictions. By preventing the billing of services, we ensure the ability to prevent the creation of any new engagements that threaten our independence.

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**Manuel Mota**  
Audit Partner EDP

**"We want to be EDP's next auditor, as well as the provider of evaluation of internal control services and the assessment of the sustainability report.**

**We performed a careful analysis of the effort required by these activities, applying the best practices of EY and the requirements that we consider essential to ensure quality work.**

**Our fees reflect a significant investment on our side, illustrating our commitment to be the Group's next auditor."**



## 08

# Formal Appointment Information

## 8 Formal Appointment Information

### ROC EFECTIVO

ERNST & YOUNG AUDIT & ASSOCIADOS - SROC, S.A.  
 Nº Contribuinte: 505 988 283  
 Morada da sede - Av. da República nº 90 - 6º  
 Código Postal - 1600-206 LISBOA  
 Inscrição OROC - nº 178  
 Inscrição CMVM - nº 20161480

### Representada por:

Manuel Ladeiro de Carvalho Coelho da Mota (ROC nº 1410)  
 Registado na CMVM com o nº 20161020  
 Com sede profissional  
 Av da Republica, 90 - 6º  
 1600-206 Lisboa  
 Casado  
 C.C. nº 10738048, validade 04-09-2022  
 Nº Contribuinte: 215 184 467

### ROC SUPLENTE

João Carlos Miguel Alves (ROC nº 896)  
 Registado na CMVM com o nº 20160515  
 Com sede profissional  
 Av da Republica, 90 - 6º  
 1600-206 Lisboa  
 Casado  
 C.C.: 11875563 Válido até 04/01/2020  
 Nº Contribuinte: 201 621 231



**Manuel Mota**

Audit, Partner - Portugal

Tel: +351 91 791 2772  
 Email: manuel.mota@pt.ey.com

**João Alves**

Audit, Partner  
 Engagement Partner - Portugal

Tel: +351 937 912 167  
 Email: joao.alves@pt.ey.com

**Professional experience:**

- ▶ Manuel joined EY in 1999, having started his professional career in audit
- ▶ Audit Partner and Financial Accounting and Advisory Services (FAAS) leader for Portugal
- ▶ Extensive experience auditing energy sector companies (oil & gas, power & utilities) among other sectors
- ▶ Responsible for the audit of national and multinational clients, including BP Portugal, Saipem Portugal, Iberdrola Portugal, Iberdrola Renewables, Sonangol, AS 24 Portugal, Sonangol Group (Angolan national oil company), Bricogal, Delphi Automotive Systems, Fisipec (SGL Group), Lisnave-Estaleiros Navais (yards), among other
- ▶ Involvement in IFRS conversion projects, accounting processes analysis, due diligence and fraud investigation projects
- ▶ Experience in IFRS 15 and IFRS 16 adoption diagnostics, in projects for IFRS accounting manual adoption, in the evaluation and suggestions for improvement of financial statement closing processes
- ▶ Experience in providing audit and accounting training (SNC and IFRS) in several internal and external (clients) sessions.

**Academic curriculum and training:**

- ▶ Graduated in Management in 1999 at Universidade Lusíadas de Lisboa
- ▶ Manuel Mota qualified as a Chartered Accountant in 2009
- ▶ Fellow of the Institute of Chartered Accountants in England and Wales - ICAEW
- ▶ Attends technical and non-technical training regularly such as SNC (Portuguese GAAP), IAS/IFRS, US GAAP, PCAOB, Energy (Oil & Gas e Power & Utilities), IT.
- ▶ He has credentials in IFRS and USGAAS in EY
- ▶ Native Portuguese speaker, fluent English and Spanish

**Professional experience:**

- ▶ João joined EY's Johannesburg office in 1986, and transferred to EY Portugal in 1990, where he is the Country Managing Partner since 2010
- ▶ João has in the past held several responsibilities within EY, including Country audit Leader for EY Portugal and EY's Professional Practice Director for Portugal, responsible for overseeing the application of the Firm's professional technical standards on accounting and auditing, and also lead the IFRS Implementation team in Portugal
- ▶ João has a seat in EY's Mediterranean Region management team and is responsible for ensuring that the larger accounts across the region are appropriately managed from a staffing expertise and service quality perspective. This role includes overseeing EY's service to clients such as Iberdrola, ENI, Gas Natural and Repsol, in the energy sector.
- ▶ Over the past 30 years, João has worked on audits in several countries in Europe, Africa and South America
- ▶ Throughout his career, João has worked mainly on audits of multi-national organizations covering a multitude of industry sectors. As Client Serving Partner, he has served several of EY Portugal's largest accounts, both international groups operating in Portugal and large Portuguese companies with operations abroad
- ▶ João has served audit clients across several sectors, some of those being Sonangol, Iberwind, Endesa (Energy); Auchan, Lidl, SAG Gest, Centralcer and Unicer (Retail and consumer goods), and Somague, Visabeira, SonaeSierra (Real estate)

**Academic curriculum and training:**

- ▶ João Alves has a Commerce Degree from the University of the Witwatersrand, an Honors Degree in Auditing and Accounting Science from the University of South Africa and completed the Advanced Management program through Católica Lisbon's post-graduate school of business.
- ▶ He has the official professional accounting qualification in 4 jurisdictions - Chartered Accountant (South Africa), Registered Auditor (United Kingdom), Revisor Oficial de Contas (Portugal) and Perito Contabilista (Angola)
- ▶ João is a native Portuguese and English speaker
- ▶ João is Vice President of the British-Portuguese Chamber of Commerce, member of the Superior Counsel of the Ordem dos Revisores Oficiais de Contas, and a member of the Audit Committee of EPIS - Empresários Pela Inclusão Social

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## Manuel Mota

Audit, Partner - Portugal

Tel:

+351917912772

Email:

manuel.mota@pt.ey.com



## Manuel Mota

Audit, Partner - Portugal

Tel:

+351917912772

Email:

manuel.mota@pt.ey.com

## Manuel Mota

### **Experiência profissional:**

- ▶ Manuel é partner de Auditoria da EY desde 2011.
- ▶ Leader dos serviços de Financial Accounting and Advisory Services em Portugal.
- ▶ Trabalha na EY desde 1999, onde iniciou a sua carreira em auditoria.
- ▶ Experiência em empresas do setor energia (Oil & Gas, Power & Utilities), industriais, shipping, tecnologia / telecomunicações, automóvel e turismo.
- ▶ É responsável por uma carteira de clientes que integram empresas nacionais e multinacionais, como a BP Portugal, Saipem Portugal, Iberdrola Portugal, Iberdrola Renewables, Sonangal, AS 24 Portugal, Grupo Sonangol (empresa nacional de petróleos de Angola), Bricogal, Delphi Automotive Systems, Fisipe (Grupo SGL), Lisnave, entre outros.
- ▶ O Manuel liderou a auditoria a clientes SEC (grupo Saipem e Delphi Automotive Systems) com requerimentos locais de cumprimento das normas SOX/SOA.
- ▶ Envolvimento em projetos de conversão de IFRS, análise de processos contabilísticos, due diligence e projetos de investigação de fraude
- ▶ Experiência em diagnósticos de adoção da IFRS 15 e IFRS16, em projetos com vista à adoção de manuais de políticas contabilísticas em IFRS, na avaliação e propostas de melhoria de processos de encerramento de contas
- ▶ Experiência como formador de auditoria e contabilidade (SNC e IFRS) quer internamente quer externamente (clientes)

### **Currículo académico e formação:**

- ▶ Licenciatura em Gestão de Empresas pela Universidade Lusíada de Lisboa.
- ▶ Revisor Oficial de Contas desde 2009.
- ▶ Membro do Institute of Chartered Accountants in England and Wales - ICAEW
- ▶ Diversos cursos de formação técnica e não técnica em SNC, IAS/IFRS, US GAAP, PCAOB, Energy (Oil & Gas e Power & Utilities ), IT.
- ▶ Tem a acreditação IFRS e USGAAS da EY
- ▶ Língua materna: Português, fluente em Inglês e Espanhol.

### **Professional experience:**

- ▶ Manuel has been an EY audit partner since 2011
- ▶ Financial Accounting and Advisory Services (FAAS) leader for Portugal
- ▶ Manuel joined EY in 1999, having started his professional career in audit
- ▶ Extensive experience auditing energy sector companies (oil & gas, power & utilities) among other sectors
- ▶ Responsible for the audit of national and multinational clients, including BP Portugal, Saipem Portugal, Iberdrola Portugal, Iberdrola Renewables, Sonangal, AS 24 Portugal, Sonangol Group (Angolan national oil company), Bricogal, Delphi Automotive Systems, Fisipe (SGL Group), Lisnave-Estaleiros Navais (yards), among other
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- ▶ Attends technical and non-technical training regularly such as SNC (Portuguese GAAP), IAS/IFRS, US GAAP, PCAOB, Energy (Oil & Gas e Power & Utilities), IT.
- ▶ He has credentials in IFRS and USGAAS in EY
- ▶ Native Portuguese speaker, fluent English and Spanish





## João Alves

Audit, Partner  
Engagement Partner - Portugal  
Tel: +351 937 912 167  
Email: joao.alves@pt.ey.com



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Engagement Partner - Portugal  
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Email: joao.alves@pt.ey.com

# João Alves

### Experiência Profissional:

- ▶ João ingressou no escritório da EY em Joanesburgo em 1986 e foi transferido para Portugal em 1990, onde é o Managing Partner desde 2010.
- ▶ No passado, João assumiu várias responsabilidades, incluindo Country Assurance Leader e Director de Prática Profissional da EY Portugal, responsável pela supervisão da aplicação das normas técnicas profissionais da empresa em contabilidade e auditoria.
- ▶ O João tem um lugar na equipa de gestão da EY para a Região do Mediterrâneo, sendo responsável pela gestão das maiores contas, incluindo a supervisão do serviço da EY a clientes como Iberdrola, ENI, Gas Natural e Repsol, no setor da energia.
- ▶ Ao longo dos últimos 30 anos, João trabalhou em auditorias em vários países da Europa, África e América do Sul.
- ▶ Ao longo da sua carreira, João trabalhou principalmente em auditorias de organizações multinacionais que abrangem uma multiplicidade de sectores industriais.
- ▶ Liderou a auditoria de algumas das maiores contas da EY Portugal, tanto de grupos internacionais em Portugal como de grandes empresas portuguesas com operações no estrangeiro.
- ▶ João tem servido clientes de auditoria em vários setores, incluindo a Sonangol, Iberwind, Endesa (Energia), Auchan, Lidl, SAG Gest, Centralcer, Unicer, Somague, Visabeira, e SonaeSierra.

### Professional experience:

- ▶ João joined EY's Johannesburg office in 1986, and transferred to EY Portugal in 1990, where he is the Country Managing Partner since 2010
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### Academic curriculum and training:

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- ▶ He has the official professional accounting qualification in 4 jurisdictions - Chartered Accountant (South Africa), Registered Auditor (United Kingdom), Revisor Oficial de Contas (Portugal) and Perito Contabilista (Angola)
- ▶ João is a native Portuguese and English speaker
- ▶ João is Vice President of the British-Portuguese Chamber of Commerce, member of the Superior Counsel of the Ordem dos Revisores Oficiais de Contas, and a member of the Audit Committee of EPIS - Empresários Pela Inclusão Social

### Currículo académico e formação:

- ▶ Licenciatura em Comércio pela Universidade do Witwatersrand, licenciado em Auditoria e Ciências Contábeis pela Universidade da África do Sul e completou o programa de Gestão Avançada através da escola de pós-graduação da Católica Lisboa.
- ▶ Conta com a qualificação oficial de contabilidade profissional em 4 jurisdições - Contador Público (África do Sul), Auditor Registrado (Reino Unido), Revisor Oficial de Contas (Portugal) e Perito Contabilista (Angola).
- ▶ Línguas maternas: Português e Inglês.
- ▶ Outras experiências:
- ▶ João é Vice-Presidente da Câmara de Comércio Britânico-Português, membro do Conselho Superior da Ordem dos Revisores Oficiais de Contas e membro do Comité de Auditoria da EPIS - Empresários Pela Inclusão Social.