



EDP RENOVÁVEIS, S.A.

**REPORT ON THE APPROVAL OF THE FORMALISATION OF A
FRAMEWORK FINANCING AGREEMENT BETWEEN
EDP RENOVÁVEIS, S.A. AND EDP ENERGÍAS DE PORTUGAL, S.A.**

**ISSUED BY THE AUDIT, CONTROL AND RELATED PARTIES COMMITTEE
AT ITS MEETING HELD ON 27 FEBRUARY 2023**

English translation for information purposes only. In the event of discrepancies between the English and the Spanish version, the Spanish version shall prevail.



1. PURPOSE OF THE REPORT

The Audit, Control and Related Parties Committee (hereinafter, the “**Committee**”) of EDP Renováveis, S.A. (hereinafter, “**EDPR**” or the “**Company**”, alternately) issues this report with regard to the proposal for the approval of the formalisation of a framework financing agreement to be entered between the Company and EDP Energias de Portugal, S.A. (hereinafter, the “**Framework Financing Agreement**” and “**EDP**”), pursuant to the provisions set forth by article 529 duovicies.3 of the Royal Decree Law, from 2 July 2010 which approves the consolidated text of the Spanish Companies Act (hereinafter, the “**Spanish Companies Act**”).

2. DESCRIPTION OF THE TRANSACTION

2.1. Background

Traditionally, the Company and EDP have been carrying out intragroup financing transactions for a long time on a continuous and successive basis, whereunder EDP has provided financing and granted guarantees to the Company through the formalisation of agreements and the implementation of various financial transactions. This intragroup financing scheme allows the Company to benefit from EDP’s credit rating degree and its broad access possibilities to the international credit and capital markets.

Specifically, the Company and EDP signed a Framework Agreement (hereinafter, the “**Framework Agreement**”), on 7 May 2008, whereunder the general principles on which the existing relations between the parties were based were established and the rules on which their commercial and legal relationship is based over time were identified in order to avoid conflicts of interest. The option was specifically foreseen for both entities to grant each other loans and carry out other financial transactions necessary for the carrying out of their activities given that, as regulated in said Framework Agreement, this type of activity must always be contracted between EDPR or entities related with the latter and EDP, or entities related therewith, unless specifically agreed by the Board of Directors of EDPR or EDP.

The various financing transactions that could be granted under the Framework Agreement were described in the prospectus pertaining to the IPO of the Company, dated 15 May 2008, and they are detailed, with their relevant aggregated amounts, in the Annual Reports published by the Company.

After the coming into force of the reform of the Spanish Companies Act introduced by Law 5 enacted on 12 April 2021, which modifies the redrafted text of the Spanish Companies Act, approved by Royal Legislative Decree 1 enacted on 2 July 2010, and other financial regulations, regarding the promotion of the long-term involvement of shareholders in listed companies, the provisions relating to the new regime for related party transactions in listed companies would be applicable to the Company, with regard to the aforementioned intragroup financing operations.

For these purposes, and in accordance with the requirements established by the Spanish Companies Act, in relation to the approval of related party transactions, a Framework Financing Agreement has been submitted to the Committee whose formalisation by the Company and its parent company, EDP, is scheduled for 4 April 2023, being its coming into force subject to the approval by the Ordinary General Shareholders' Meeting of the Company, whose meeting is foreseen to be held on 4 April 2023, on first call.

Said Framework Financing Agreement covers the formalisation of different agreements and transactions of a financial nature between EDPR and EDP, as well as between any companies amongst their respective corporate groups, and it will remain in force as long as (i) EDP holds, directly or indirectly, a stake greater than 50% in the share capital of EDPR, or of any rights that allow it to exercise, directly or indirectly, more than 50% of the voting rights inherent in the share capital of EDPR; and (ii) EDP holds, directly or indirectly, a stake of less than 50% in the share capital of EDPR, but more than half of the members of the Board of Directors of EDPR or its Executive Board are appointed at the proposal of EDP.

2.2. Purpose of the transaction

As stated in the previous section, the Framework Agreement establishes the general principles for the legal and commercial relationships of various nature to be entered between EDPR and EDP. However, given the large volume of financial transactions formalised by the Company and EDP, directly or through companies controlled by them, at present as a result of their internal transactions, it has been deemed appropriate to concentrate the formalisation of this type of transaction under the Framework Financing Agreement in order to determine therein the guiding principles that will regulate the financial relations between the Company and EDPR.

In this way, the Framework Financing Agreement, as an instrument for the technical rationalisation of the contracting of financial transactions, allows the determination of a series of general terms and conditions that cover the future formalisation of multiple agreements and the performance of various intragroup financing transactions between the Company and EDP so that they are implemented with the required agility and with the guarantees needed in order to formalize them under market conditions.

Specifically, in accordance with the type of transactions currently in force between the Company and EDP in this regard in terms of their financial transactions, the Framework Financing Agreement identifies the main types of transactions to be formalised by virtue thereof, which have been identified below, merely by way of example and without in any case implying any limitation:

- Agreements for the granting of loans and credit facilities.
- Overdraft facilities for centralised treasury management (*cash pooling*).
- Agreements for the granting of guarantees and counter guarantees.

- Derivative financial instrument agreements (such as interest rates or exchange rates).

The main aim of the formalisation of the Framework Financing Agreement is to exploit the synergies afforded by the internal transactions of the EDP group, so that it is possible to obtain financing by EDPR without it being necessary to resort to external financing channels, as well as make the procedures for the authorisation and formalisation of the attendant financial transactions more flexible, by establishing a series of standardised terms and conditions which are previously validated by the General Shareholders' Meeting of EDPR and that serve as a precedent for them.

Likewise, by means of the approval by the General Shareholders' Meeting of the Framework Financing Agreement, the requirements established in article 529 duovicies of the Spanish Companies Act regarding the approval of the actual Framework Financing Agreement, as well as of any other agreements, contracts or transactions that are formalised thereunder.

In the same way, through the approval of the Framework Financing Agreement, the General Shareholders' Meeting ratifies those transactions, contracts and financial agreements, whose nature is similar to those that will be regulated under the Framework Financing Agreement, entered into pursuant to the Framework Agreement and which are currently in force, as well as their potential extensions or renewals. The aggregate detail of said transactions is reflected in EDPR's Annual Report pertaining to the financial year ending on 31 December 2022, and it has been attached as a **Sole Annex** to this report.

2.3. Transaction amount

Pursuant to the provisions of article 529 duovicies.1 of the Spanish Companies Act, the performance of the Framework Financing Agreement must be subject to the approval of the General Shareholders' Meeting of the Company insofar as the estimated calculation of the aggregate amount of the agreements and transactions to be formalised by dint thereof would exceed 10% of the total asset items of the Company, according to the latest annual balance sheet approved by the Company, dated 31 December 2022. It is also expected that the value or amount of some of the agreements and transactions formalised by dint thereof may exceed said threshold individually.

For these purposes, the parameters are indicated below whereby the compensations applicable to the main financial transactions entered into under the Framework Financing Agreement will be calculated:

- Term loans agreements: (i) market reference rate plus EDP market interest rate margin plus an additional margin as market proxy of (a) cost of having access to debt capital markets and (b) credit risk differential between EDP and EDPR (aligned with market benchmarking; in the current conditions, it is valued at 25 bps and is in relation to 1 notch minimum differential in credit level).

- Current account cash/pooling agreements: market reference rate plus EDP market interest rate margin plus an additional margin as market proxy of (a) cost of having access to debt capital markets and (b) credit risk differential between EDP and EDPR (aligned with market benchmarking, in the current conditions, it is valued at 25 bps and is in relation to 1 notch minimum differential in credit level).
- Guarantees: EDP market cost, if applicable, plus (ii) an additional margin as market proxy of (a) cost of having access to debt capital markets and (b) credit risk differential between EDP and EDPR (aligned with market benchmarking, in the current conditions, it is valued at 25 bps and is in relation to 1 notch minimum differential in credit level). EDP market cost is not applicable to parent company guarantees.
- Hedge agreements: market cost of the compensations between finance operations (pass-through of cost).

2.4. Identification of the related with the Company

For the purposes of article 529 vicies.1 of the Spanish Companies Act, the formalisation of the Framework Financing Agreement will be regarded as a related party transaction given that EDP, as the parent company of the Company, is a shareholder which holds more than 10% of voting rights.

3. APPRAISAL OF THE TRANSACTION BY THE COMMITTEE FROM THE PERSPECTIVE OF CORPORATE INTEREST AND OF THE SHAREHOLDERS OTHER THAN THE RELATED PARTY

The Committee has assessed the fairness and reasonableness of the formalisation of the Framework Financing Agreement, as well as of the contracts, agreements or transactions that derive or may derive from it, from the point of view of the Company and the rest of the shareholders not regarded as related parties for the purposes of the present transaction, taking into account their main terms and conditions, having based its evaluation on the following assumptions and methods adopted:

- The formalisation of Framework Financing Agreement encompasses the formalisation of future intra-group financing agreements between the Company and EDP, under a series of general terms and conditions which remain in line with the transactions that both companies have been carrying out over time, on a continuous basis and successively, which ensures, in the opinion of this Committee, that the formalisation of the Framework Financing Agreement, as well as of those transactions formalised thereunder, will be carried out under

conditions that will be fair, reasonable and favourable to the Company and to its shareholders.

- Likewise, the Framework Financing Agreement complies with the general principles and rules established by the Framework Agreement formalised by the Company and EDP on 7 May 2008 regarding the relations between EDPR and the EDP Group, which were determined for the purposes of ensuring the transparency of this type of transaction vis-à-vis the shareholders. To be precise, the general terms of the agreements and transactions to be formalised under the Framework Financing Agreement comply with the principles of respect for market prices and *arm's length*, further establishing that each of them, in particular, must be formalised in accordance with the market conditions applicable in each case and duly ensuring independence between the parties, also allowing the optimisation of the resources assigned to each transaction and structuring accounting and fiscally in a way that fosters the greatest possible efficiency.
- At last, the Company has taken into consideration the reports issued by its legal advisors, pursuant to the which ones a Framework Financial Agreement between the Company and EDP is a fair mechanism to duly comply with the regulations on related-party transactions and, particularly, art. 529 duovicies of the Spanish Companies Act.

4. CONCLUSION

First, it should be pointed out that, in accordance with the provisions of the Regulations of the Audit, Control and Related Parties Committee of EDPR, the Committee is currently made up of three (3) members, all of whom are non-executive Independent Directors, including its Chairman. In this regard, in accordance with the provisions of article 529 duovicies.3 of the Spanish Companies Act, it has not been necessary for any of the members of the Committee to refrain from participating in the preparation of this report.

In accordance with the assumptions and methods set forth above, the Committee considers that (i) the formalisation of the Framework Financing Agreement, as well as of the contracts, agreements and transactions that are performed thereunder, based on its basic terms and conditions, as well as on the rest of the information submitted (and sufficient in the opinion of the Committee), assumes a fair, reasonable transaction from the point of view of the Company and, where applicable, of the shareholders other than the related party, and (ii) its submission for approval by the General Shareholders' Meeting helps to duly comply with the legal requirements regarding related-party transactions.

As a consequence of the above, the Audit, Control and Related Parties Committee unanimously agrees to report favourably to EDPR's Board of Directors to submit at the next Ordinary General Shareholders' Meeting of the Company, which will be held, foreseeably, on 4 April 2023, on first call, or 14 April 2023, on second call, the proposal



for the examination and approval of the formalisation of the Framework Financing Agreement.

Madrid, 27 February 2023

* * * * *

SOLE ANNEX: Detail of the financial transactions signed between EDPR and EDP, directly or indirectly through their subsidiaries, on 31 December 2022.

Transactions/agreements	Amount (€/\$)
Loan agreement, dated 22 October 2018, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Servicios Financieros España, S.A., as lender.	€170,000,000
Loan agreement, dated 14 May 2018, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Servicios Financieros España, S.A., as lender.	€63,000,000
Loan agreement, dated 31 December 2018, entered between EDP Renováveis, S.A., as borrower, and EDP Finance B.V., as lender.	\$221,184,230
Loan agreement, dated 30 April 2019, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$300,000,000
Loan agreement, dated 1 June 2018, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$150,000,000
Loan agreement, dated 31 December 2020, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$278,250,000
Loan agreement, dated 31 December 2020, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$516,750,000
Loan agreement, dated 30 October 2020, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$250,000,000
Loan agreement, dated 30 October 2020, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$250,000,000
Loan agreement, dated 1 January 2013, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$130,000,000

Loan agreement, dated 17 February 2020, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$248,891,526
Loan agreement, dated 17 February 2020, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	\$248,891,526
Loan agreement, dated 22 February 2022, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	€325,427,825
Loan agreement, dated 1 April 2022, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	€448,430,638
Loan agreement, dated 11 November 2022, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	€500,000,000
Loan agreement, dated 11 November 2022, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	€243,720,604
Loan agreement, dated 11 November 2022, entered between EDP Renováveis Serviços Financieros, S.A., as borrower, and EDP Finance B.V., as lender.	€250,175,123
Current account agreement, dated 1 March 2013, for the management by EDP Servicios Financieros España, S.A. of EDPR Servicios Financieros, S.A. cash accounts (cash pooling).	€1,500,000,000 Maximum available amount €311,807,352.06 Amount disbursed
Current account agreement, dated 1 March 2013, for the management by EDP Servicios Financieros España, S.A. of EDPR Servicios Financieros, S.A. cash accounts (cash pooling).	\$2,000,000,000 Maximum available amount \$348,581,315 Amount drawn down by EDPR Servicios Financieros, S.A.
Counter-guarantee agreement, dated 30 September 2011, for the issuance of guarantees by EDP – Energías de Portugal, S.A. and EDP – Energías de Portugal S.A., Sucursal en	€446,921,823 (equivalent in EUR of

<p>España, as guarantors, on the request by EDP Renováveis, S.A., EDP Renewables Europe, S.L.U. and EDP Renewables North America LLC.</p>	<p>guarantees in EUR, PLN, CAD and USD)</p>
<p>Hedging agreements for CAPEX through foreign exchange forwards (FWDs) in different currencies against the EUR and the USD, entered between EDPR Servicios Financieros, S.A. y EDP Renováveis, S.A.</p>	<p>€135,303,934 \$568,589,057 (equivalent value of the currencies traded)</p>
<p>Hedging agreements for net investments in foreign currency through exchange rate Forwards (FWDs) and cross currency interest rate swaps (CIRS) in different currencies against the EUR, entered between EDPR Servicios Financieros, S.A. and EDPR Servicios Financieros, S.A.</p>	<p>€2,454,410,969 (FWD) €3,183,855,758 (CIRS) (amounts refers to the equivalent amounts to the relevant currencies of the transactions)</p>