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ACTIVITIES REPORT FROM THE AUDIT AND CONTROL

COMMITTEE CARRIED OUT DURING 2012

I — Introduction

The scope of the activities of the Audit and Control Committee of EDP Renováveis, SA, as a permanent Committee of the Board of Directors, is defined in its Regulation and fully complies with the competences defined in the legal, statutory and regulatory standards applicable to this Committee, with the objective of supervising the performance of the Board of Directors in an independent manner.

The following are some of the competences of the Audit and Control Committee:

- Provide information, in General Shareholders' Meetings and through its Chairman, on matters related to their competences;
- Propose to the Board of Directors, to be submitted to the General Shareholders' Meeting, the appointing of the Company's accounts Auditors, and also their conditions of hire, the scope of their work and withdrawal of their duties;
- Supervise the activities of the Internal Auditors and compliance;
- Follow-up the financial information process and evaluate the internal control system and risk management, as well as, to propose the necessary adjustments to the Company;
- Follow-up the financial information process and internal control and risk management systems;
- Establish a permanent relationship with the account Auditors on all matters which may put their independence at risk, and any others related to the accounts auditing process, such as receiving and keeping information on any other matters which are established in the accounts audit legislation and in the audit technical standards in force at any time;
- Compile an annual report on their supervising actions and give an opinion on the management report, accounts and proposals presented by the Board of Directors;
- Receive communications on irregularities regarding financial and control matters which are presented by the Company's employees and shareholders.

- Reflect on the governance structure adopted by the Company.

Therefore, in accordance with its Regulation, the Auditing Committee hereby presents the Report on their activities carried out during 2012.

II — Activities developed

To comply with their competences, duties and responsibilities, the Auditing and Control Committee developed a wide range of initiatives during 2012, from which the following are highlighted:

(a) Supervision of the quality and integrity of the financial information rendered in interim and final accounts.

The Audit and Control Committee met periodically both with the Chief Financial Officer (CFO) responsible for the preparation and disclosure of financial information, accompanied by the heads of the accounting area, and also with External and Internal Company Auditors and assessed the compliance of the unaudited quarterly financial information and the published half yearly and annual information, and also its compliance with the applicable legal, regulatory and accounting requirements.

The Audit and Control Committee also met with External Company Auditors to discuss the applicable matters mentioned in *ISA 260 - Communication with those Charged with Governance*, and which relate to the auditing process in general, including matters related to the company's internal control. In this context, the Auditing Committee also examined the matters mentioned in the External Auditor reports related to the main accounting policies and practices used, the accounting of unusual or infrequent transactions considered relevant, and the main estimates and assumptions considered and adopted in preparing financial information, including the handling of material risks and exposures.

In addition to these actions directly related to the preparation and disclosure of financial information, in the scope of its supervising activities, as defined by the Articles of Association and in its Regulations, the Audit and Control Committee followed-up, with the Internal Audit Department and the External Auditors, the activities developed by the company, related to the internal control system on the consolidated financial report of EDP Renováveis, and also analysed the matters brought to the Company by financial market regulators as well as the replies presented.

In compliance with their legal duties, the Committee also participated in the Executive Committee meeting which discussed and approved the documents of the individual and consolidated annual rendering of accounts related to 2012. Also in accordance with the competences of this Committee, given in the Articles of Association and in its Regulation, the Audit and Control Committee issued an opinion on: (i) the Management and Consolidated Accounts Report related to the 1st semester of 2012, prepared by the Board of Directors of EDP Renováveis, S.A.; and (ii) the Management and Individual and Consolidated Accounts Report related to 2012, to be submitted by the Board of Directors for approval in the General Shareholders' Meeting.

Note that the supervision of the adequacy of the accounting policies, procedures and practices and the valuation criteria adopted and their compliance, and also the regularity and quality of the accounting and financial information of the Company was carried out, mainly, with the analysis and discussion of the revision/auditing reports issued by the External Auditors and the Internal Auditing Manager of the EDP Renováveis Group.

(b) Appointment and supervision of qualifications and independence of the External Auditors

Under the terms of the Articles of Association and the Regulation of this Committee, it is responsible for supervising and inspecting the work and independence of the External Auditor.

Under the terms of the activity to supervise the independence of the External Auditors, they provided confirmation of the compliance with the independence requirements applied to them, namely defined by the 8th Directive of the European Commission through the letter dates February 12th 2013.

In the scope of the supervising and inspection activity of the independence of the External Auditor, the Audit and Control Committee approved all the work for which they were contracted, and monitored the work and fees contracted, for tax consultancy services and others not related to auditing. In this scope, the Committee found that the contracting of such services respected the rules defined by the Company as well as the limit referred on Recommendation III.1.5 of the 2010 CMVM's Governance Code

Considering the results of the above mentioned actions, the Committee believes that the Company External Auditors acted appropriately and independently.

(c) Supervision of the execution of functions discharged by the External Auditors

In this scope, the Committee analysed and approved the External Auditor's work plans and held periodical meetings to evaluate the work and analyse the respective results, including the results of the activity developed by the network of External Auditors, in the different locations where the Group develops its activity, namely in Portugal, Spain, Poland, Italy, Romania, United Kingdom, in the United States of America and Brasil. The Committee obtained the following from the External Auditors: (i) conclusion documents on the work carried out in the scope of the Desktop Reviews carried out with reference to the first and third quarter of 2012 (ii) conclusion documents on the limited revision made on consolidated financial statements for the semester ending the June 30, 2012; (iii) audit reports on individual and consolidated financial statements related to the year-end December 31, 2012 (having given a prior opinion to the Board of Directors based on memorandums and drafts of the reports produced by the External Auditors in this scope); (iv) report on the evaluation of the Internal Control System on Financial Account

Under these terms, during 2012, the Audit and Control Committee represented the Company, for all purposes, before the External Auditors, and the respective reports were analysed by this Committee.

(d) Supervision of the activity of the Internal Audit Department, and the quality, integrity and efficiency of the internal Control and Risk Management System

One of the main concerns of the Audit and Control Committee is the follow-up and supervision of the mechanisms implemented by the Company to ensure a suitable internal control system, especially in the processes to prepare financial information. It is this Committee's understanding that these mechanisms play an essential role in ensuring the reliability of the financial information that the Company prepares and communicates to the market.

In this sense, among the competences of the Audit and Control Committee given in its regulation, the following-up of the financial information process and the evaluation of the internal control and risk management system, supervising of internal audit activities, receiving reports of irregularities in matters with a financial and accounting nature presented by employees and shareholders are included.

Regularly, at least every quarter, during the follow-up and supervision of the account closing processes, in addition to analysing the main accounting processes of the period presented by the CFO, together with the results of the work of the External Auditor, the identification of the non-conformities with internal control which may restrict the reliability of the financial information is also analysed.

Also, in addition to the maintenance of the traditional mechanisms related to controlling the preparation processes of financial information, based on functions and responsibilities, the implementation of support systems, decision mechanisms and communication of accounting criteria, internal supervision and execution of financial audits by the independent External Auditor, the EDP Renováveis Group followed the implementation of the Internal Financial Reporting Control System (SCIRF) following the COSO model (Committee of Sponsoring Organizations), an international reference in this matter.

This system, which is implemented on the European and American platform, incorporates the description, detailed documentation and evaluation of controls in terms of processes which are relevant to financial reporting and Entity Level Controls (general control environment).

Additionally, this Committee has followed up on this process by accompanying the evolution of the implementation of the improvement actions identified by the Internal and External Auditors in the system evaluation works. Additionally, it supervises the evolution of the implementations giving more emphasis to the area of Entity Level Controls. Additionally, the Auditing and Control Committee periodically discusses and analyses, with the CFO and the heads of Internal Audits, the application of this system and the evaluation mechanisms for its design and efficiency.

According to the Recommendation II.1.1.3 of the Portuguese Corporate Governance Code, the Committee made a final evaluation about the implementation of SCIRF System in 2012 based on the evaluations made by the Internal Audit and the External Auditors and registration of the progresses made and in accordance with the proposals for 2013.

Regarding the Risk Management System, the Committee met regularly with the Global Risk Department to analyze the program for the risk analyzes.

This program has the purpose to define the principal risk areas according to the Company's strategy and define the risk mitigating plans on the referred areas.

The Committee was informed about the creation of the Restricted monthly Risk Committee , to address the risks that change frequently, such as market price risk. This Committee is supplemented by quarterly Risk Committee, which deals with strategic issues of a medium and long term. With regard to documentation, it was launched a new weekly scorecard risk position and FX market. According to the Recommendation II.1.1.3 of the Portuguese Corporate Governance Code, the Committee made an evaluation of the implementation of the Risk Management System in 2012, based on the conclusions presented by the Risk Committee registration of the progresses providing a link between the Company's overall strategy and daily management decisions.

(e) Supervision of the Internal Audit Department activity

Regarding the supervision of the Internal Audit function this Committee verified and gave its agreement to the Internal Audit Department activities for 2014.

The Committee had quarterly meetings to follow-up the work made, comparing with the initial plan approved as well as the implementation of the executive structure of the proposals and recommendations approved on the Internal Audit reports.

The Committee registered the great improvement of almost 4 percent of the Recommendations made/Recommendations issued which means the level of acceptance of the issued recommendations.

(f) Whistle blowing

The Committee followed regularly the functioning of the Whistle Blowing channel and was informed about its activity, at least, quarterly. At the beginning of 2013, with respect to situation of financial year 2012, it received a share which was treated in accordance with regulation in force and was considered inappropriate. **(g) Reflection on the Governance**

System adopted by the Company

According to its competences, the Committee met with the purpose to assist the Board of Directors on the evaluation of the Governance practices of said body and concluded the following:

1. Complying with the Recommendation II.1.1.1 of the Portuguese Corporate Governance Code the governance model adopted has been ensuring an effective performance and articulation of EDPR Social Bodies, and proved to be adequate to the company's governance structure without any constraints to the performance of its *checks and balances* system adopted to justify the changes made in the Governance practices of EDPR.

2. Following this reflexion made by the Committee about the governance practices of the Board of Directors of EDP Renováveis during 2012, the Committee informs that the management body had a positive performance regarding the law, the recommendations and best practices applicable to the Company.

3. Finally, the Committee finds that the model adopted has revealed to be adequate to guarantee the good practices regarding the Corporate Governance and has contributed to the transparency and accountability of the Company's management.

(h) Other activities

In addition to the 4 formal statutory meetings related to the follow-up of the quarterly, half yearly and annual financial information process with the issuing of the respective Opinion, the Committee met another 10 times during 2012 to discuss other matters of their responsibility.

The Committee followed the process for the organisational restructuring of the Company with the Corporate Development Director, focusing particularly on all aspects which may improve the control environment of the Company, such as delegation of competences, separation of functions, etc.

On December 10TH and 18th, the Audit and Control Committee met with the CFO, the Director of Planning and Control and the Secretary General, and also a representative of the law firm Morais Leitão, Galvão Teles, Soares da Silva & Associates, to discuss and approve the transaction with China Three Gorges (CTG), qualified shareholder of EDP SGPS, SA for the acquisition of a minority stake (49%) of EDPR Portugal.

A fairness opinion was issued by the financial advisors and also the details of the transaction and the respective contracts.

At the meeting of December 18th, the Committee gave a favorable opinion to the transaction, which was submitted for approval to the Board of Directors. The Committee also travelled to some of the EDPR subsidiaries for analysis of local problems.

Thus, during 2012, the Chairperson of the Audit and Control Committee made the following travels:

19/06/2012 – Travel to Madrid for analysis of the currency impact on EDPR NA and EDPR Romania;

3 and 4/07/2012 – Travel to Bucharest for analysis of the local problems in the subsidiary, which presented a significant growth in the current year.

12/11/2012- Travel to S. Paulo for analysis of the evolution of EDPR Brazil

29/01 to 01/02/2013 – Travel to Houston for monitoring the process of closing the accounts for 2012 of the American platform.

III — Opinions issued

With reference to 2012, the Audit and Control Committee issued the following Opinions to the Board of Directors:

Dates:

8/05/12 - Opinion on the Consolidated Financial Statements for the 1st Quarter of 2012 and Activity Report for the same period

24/07/12 - Opinion on the Consolidated Financial Statements for the 1st Semester of

2012 25/11/12 - Opinion on the Consolidated Financial Statements for the 3rd Quarter of 2012

14/02/13 – Annual Evaluation Report on Risk Management System 13/02/13 – Annual Report on the Company Corporate Governance

19/02/13 – Annual Evaluation Report of Internal Control System over financial reporting 25/02/13 – Report and Opinions from the Audit and Control Committee on the Management Report and Individual and Consolidated Accounts Report for 2012.

IV — Conclusions

Considering the actions developed and the Opinions issued as shown above, as well as the analysis of an Auto-evaluation Guide about the activities developed during that period, the Auditing and Control Committee believes that, during 2012, it carried out the tasks required to comply with its competences, duties and responsibilities, with the means necessary for the purpose and did not face any constraints or limitations in its performance.

Lisbon, 25th of February 2013

Chairperson of the Audit and Control Committee

(João Manuel de Mello Franco)

Members

(João Lopes Raimundo)

(Jorge Santos)