



edp

ESG REPORT 1Q21

Leading on ESG matters at EDP

Key Highlights

We are proud to publish EDP's inaugural Environmental, Social and Governance (ESG) report, a quarterly account entirely dedicated to measuring our performance across a wide range of relevant metrics for the investor community.

At EDP we are long-term advocates of ESG and believe in the value of an integrated sustainability strategy. Enhanced reporting promotes best practices and is key to properly evaluating related risks and opportunities as we work to materialize our strategic goals.

At our Capital Markets Day on the 25th of February 2021 we presented EDP's most ambitious strategic plan to date, which ties ESG excellence to strong financial returns.

We are stepping up to the challenge in the fight against climate change by committing to a €24 Bn investment plan in the energy transition and accelerating our renewables growth by deploying on average 4 GW of new capacity per annum.

Environmental

We have increased our efforts to reduce emissions and decarbonize our portfolio, and now expect to be coal-free by 2025 and all green by 2030, achieving our carbon neutral targets 20 years ahead of the date defined by the Paris Agreement. These action-oriented commitments will enable EDP to lead the energy transition in our core markets and create superior value for all stakeholders.

As we continue to lead the energy transition, we have adopted Group-wide decision making guided by the principles of a circular economy and the enhancement of natural capital. We also expect EDP to play a key role in the post-COVID recovery of the economies we operate in. This includes creating much needed employment, but also ensuring a 'just transition' that creates wider impact across our society and all our stakeholders.

1. Scope 1 and 2

As regulations evolve, namely the development of the EU sustainability reporting standard-setting to comply with the Corporate Sustainability Reporting Directive (CSRD), this performance report will also continue to progress. The indicators included in this report are selected based on their relevance towards investor communities and have been calculated following the Global Reporting Initiative (GRI) Standards. Please visit the full-year EDP Sustainability Report [here](#) for more sustainability information, which includes a limited assurance on compliance with GRI. EDP's Sustainability Report also follows other voluntary regulatory reporting frameworks, namely the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) and the ESG initiative from the Portuguese Securities Market Commission (CMVM). This performance report also considers the consistency with the requirements of the Sustainable Finance Disclosure Regulation (SFDR). For this purpose this report includes some SFDR's indicators.

"At EDP we are passionately committed to deliver this ambition and making a positive impact in this world"

Social

We remain committed to providing a fair and safe workplace, centred on the principles of diversity, equality, and inclusion. We are targeting 35% female employees in our workforce and €100m in Social Investment aligned with Sustainable Development Goals by 2030.

Governance

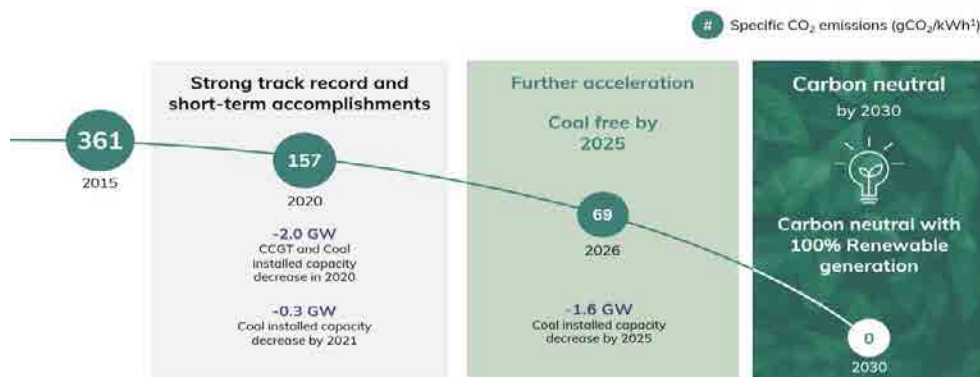
EDP continues to implement international standards in Corporate Governance, Compliance and Ethics. A number of important milestones have been achieved in April this year such as a reduction in the General Supervisory Board from 21 to 16 members as well as several changes in the Executive Board of Directors Remuneration Policy, reinforcing our commitment to align ourselves with best practice and the most rigorous ESG metrics.






By José Manuel Delgado

Through EDP's investments and a thorough social responsibility approach, we have continued to contribute to 9 out of the 17 Sustainable Development Goals of the United Nations Agenda for 2030. We have also demonstrated a clear commitment to the 10 principles of the United Nations Global Compact, including human and labor rights and the environment.

Accelerated path towards being carbon neutral



ESG Performance at a Glance

	Indicator	Unit	1Q21	1Q20	Δ %	Target 2025	Target 2030
 <p>ENVIRONMENT</p>	Revenues aligned with EU taxonomy ¹	%	66%	58%	14%	70%	>80%
	Scope 1 & 2 Emissions Intensity	gCO ₂ /kWh	112	123	-9%	~100	0
	Renewables Generation	%	85%	79%	7%	85%	100%
	Coal Installed Capacity	%	8%	12%	-31%	0	0
	Total Waste	kt	61	49	25%	118	30
 <p>SOCIAL</p>	Employee Engagement (top tier company)		✓	✓		✓	✓
	Female Overall	%	26%	26%	0%	30%	35%
	Accident Frequency Rate ²	Fr	1.35	1.38	-2%	1.55	<1
 <p>GOVERNANCE</p>	Female on Leadership ³	%	24.6%	25.2%	-2%	30%	35%
	Top Management ESG & equity linked compensation ⁴		✓	✓		✓✓	✓✓
	Cybersecurity	bitsight rating	800	710	13%	Keep advanced ⁵	
	Top quartile in ESG rating Performance ⁶		✓	✓		✓	✓

Renewables represented 85% of electricity generated by EDP in 1Q21, increasing by 6 bps YoY, with this rise being mainly explained by the decrease in gas generation (-65%YoY), due to lower residual thermal demand and the sale of Castejón plants (843MW), and also due to a 5% increase in wind generation.

The weight of coal installed capacity decreased to 8%, following the shut down of Sines coal plant last December. As a result, specific CO₂ emissions continued to decline, as we keep accelerating our decarbonisation path.

Furthermore, on air quality the increase of specific air emissions is related to the increase of production in Pecém (which is a less efficient power plant) in Brazil, due to adverse hydrology in the Northeast of Brazil in this period.

Total waste increased by 25% YoY, mainly explained by the shut down of Sines power plant in Portugal. Regarding this waste, part of it was sold in this 1st quarter (largely by-products).

Accident Frequency rate decreased by -2% as EDP continues determined to constantly strengthen the culture

of Occupational Health and Safety, by developing awareness, deepening willingness and making available the resources to improve health and safety.

Regarding Governance, considering the Board changes implemented at EDP and EDPR level approved in April, the number of non-executive and executive board members decreased by 27% from 45 to 33 members in line with best practices.

○ SFDR indicator

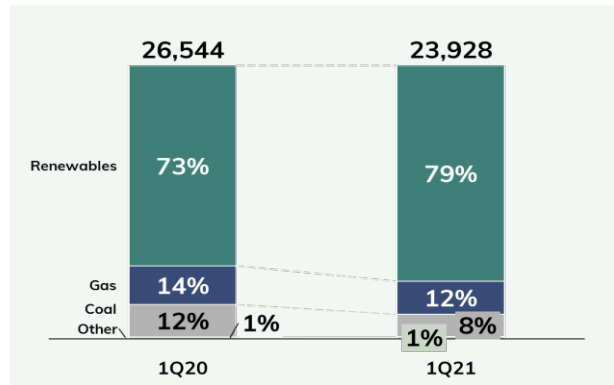
1. Value for 1Q20 is an annual measure; 2. Number of accidents at work with absence/fatalities, per million hours worked (including employees and contractors); 3. 2020 Excludes Viesgo; 4. Applicable to Board of Directors and top management; 5. >= 740; 6. Includes DJSI, FTSE4Good, MSCI and Sustainalytics.



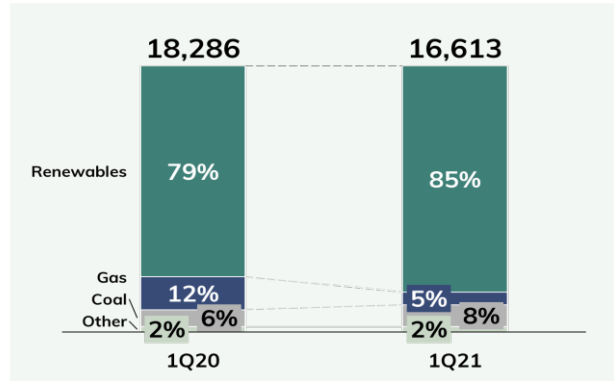
Operational Highlights

Committed to a renewables path

Installed Capacity (MW) ^{1,2}



Electricity Generation (GWh)



	Unit	1Q21	1Q20	Δ %
Hydro Coefficient	%			
Portugal		128%	91%	41%
Spain		130%	100%	30%
Brazil ³		74%	82%	-10%
Renewables Index ⁴	%	-3%	-6%	-50%
Electricity distributed	GWh			
Portugal		11,631	11,775	-1%
Spain		3,545	2,031	74%
Brazil		6,605	6,326	4%
Clients connected - supply	# th			
Portugal		6,310	6,285	0%
Spain		1,371	669	105%
Brazil		3,616	3,526	3%
Total Energy consumption	GWh	6,912		
Total Renewable consumption		546		
Fuel		1		
Electricity		545		
Self-generated non-fuel renewable energy		529		
Total Non-Renewable consumption		6,366		
Fuel		6,088		
Electricity		278		
Energy consumption intensity	MJ/€	8		

○ SFDR indicator

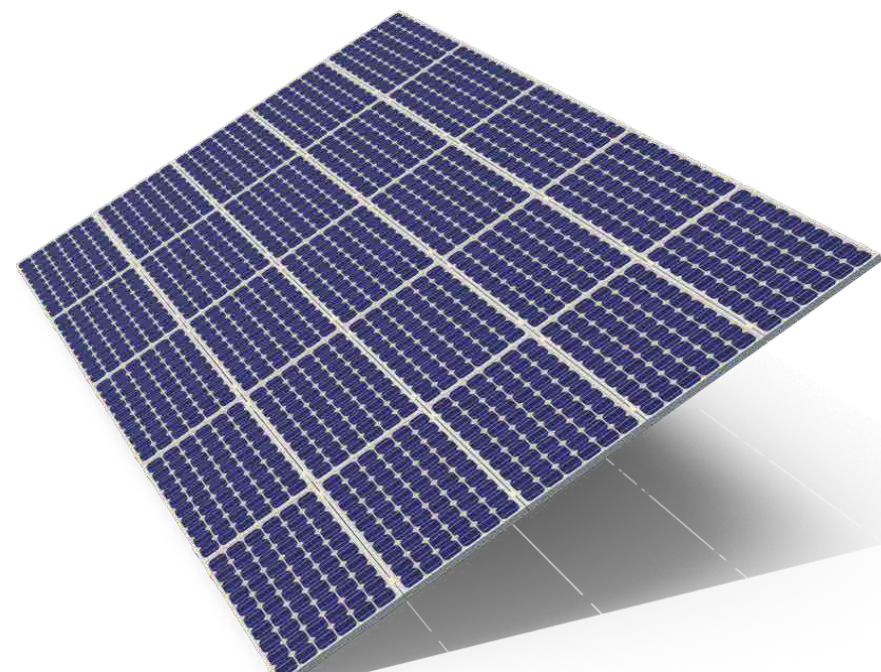
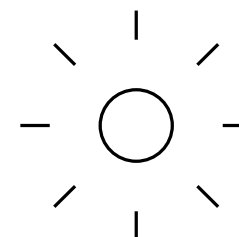
1. EBITDA MW; 2. Other includes Nuclear, Cogeneration & Waste; 3. Brazil hydro coefficient refers to ENA index ; 4. Renewables Index (vs. LT avg. Gross Capacity Factor).



New Services Highlights

Committed to drive new client solutions and smarter networks

	Unit	1Q21	1Q20	Δ %
Energy Efficiency				
Energy Services Revenues / Turnover ²	%	8.1%	7.8%	4%
Energy Efficiency Services Revenues	€ m	74	54	37%
Distributed generation				
Distributed solar (As a service & Transactional)	MW	263	106	148%
Portugal	MW	115	74	54%
Spain	MW	15	8	101%
Brazil	MW	42	24	73%
US & Other	MW	91	n.a.	
E-mobility				
Light fleet electrification	%	12%	9%	30%
Electric charging points ³	#	2,396	936	156%
Clients with electric mobility solutions	# th	30,700	13,477	128%
Smart Meters				
Portugal	# m	3.4	2.7	24%
Spain	# m	1.4	0.7	104%
Client satisfaction ¹				
	%	n.a.	79%	
Electricity Grid Losses				
Portugal	%	9.6%	9.5%	1%
Spain	%	5.9%	4.2%	41%
Brazil				
São Paulo	%	8.6%	8.0%	8%
Espírito Santo	%	13.1%	12.6%	4%
Customers with Sustainable Services ⁴				
	%	13.3%	n.a.	
CO₂ savings downstream ^{1,5}				
	ktCO ₂	n.a.	1,413	



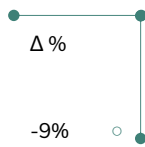
1. Annual Indicators refer to 2020YE; 2. Energy service: Services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company; 3. Includes public, private and charging points inside EDP facilities; 4. Sustainability Services concept aligned with EU taxonomy. Excludes Health Insurance, Fatura Segura and Gas Certification. Includes only B2C electricity clients; 5. CO₂ avoided by carrying out efficiency improvement measures that lead to a reduction in customer consumption, as well as measures to replace energy sources with other less CO₂-emitting ones, namely replacing fossil fuels with renewable energy sources or sustainable mobility.



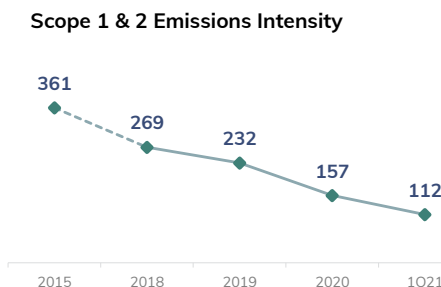
Environmental Highlights

Committed to a carbon-free economy

	Unit	1Q21	1Q20	Δ %	
Greenhouse gas emissions					
Scope 1 & 2 Emissions Intensity	gCO ₂ /kWh	112	123	-9%	○
Scope 1 GHG Emissions	ktCO ₂ .eq	1,686	1,999	-16%	○
Scope 2 GHG Emissions ¹	ktCO ₂ .eq	169	240	-30%	○
Scope 3 GHG Emissions ²	ktCO ₂ .eq	n.a.	11,572		○
Avoided emissions	ktCO ₂	7,318	8,371	-13%	○
Air quality					
NOx emissions	kt	1.50	0.90	66%	○
SO ₂ emissions	kt	2.37	1.67	42%	○
Particulate matter emissions	kt	0.40	0.23	75%	○
Water management					
Total freshwater withdrawn	10 ³ m ³	6,522	3,000	117%	○
Total freshwater consumed	10 ³ m ³	6,335	2,919	117%	○
Coal & Waste management					
Total waste disposal	t	50,823	40,925	24%	○
Total coal combustion waste disposal	t	9,320	4,102	127%	○
Average waste recovery rate	%	83%	93%	-11%	○
Hazardous waste	t	1,378	908	52%	○
Environmental Matters					
Investments	€ m	13.6	7.7	76%	○
Expenses	€ m	36.5	49.6	-26%	○
Environmental Fines and Penalties	€ m	1,965.5	1,613.5	22%	○
Vegetation management ³	€ m	4.2	2.4	79%	○
ISO 14001 Certification	%	93%	96%	-4%	○
Low carbon economy					
EBITDA in Renewables	%	52%	56%	-8%	○
CAPEX in Renewables	%	67%	63%	5%	○
Revenues from coal	%	4%	6%	-29%	○
Revenues aligned with EU taxonomy ²	%	66%	58%	14%	○
CO ₂ / Revenues ⁴	tCO ₂ .eq/€ m	0.60	0.64	-6%	○

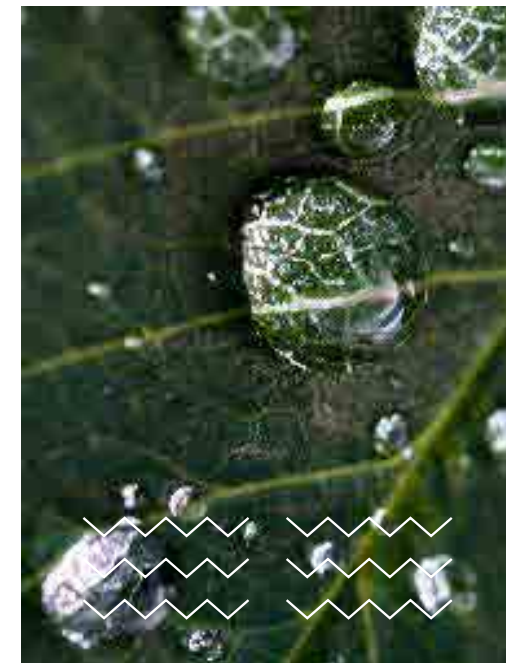


- 69% (vs. 2015) Scope 1 & 2 Emissions Intensity



-1,180 MW Coal Decommissioned YoY

66% Revenues aligned with EU taxonomy in 1Q21



For more information please check our Biodiversity Report [here](#)

○ SFDR indicator

1. Scope 2 emissions according with GHG Protocol based location methodology. 2. Annual Indicators; 3. Vegetation management includes CAPEX and OPEX. 4. Defined as the company's annual GHG emissions (Scope 1 and Scope 2), expressed as metric tons of carbon dioxide equivalent (tCO₂.eq) emissions, divided by revenues for the corresponding year, expressed in millions of euros.



Social Highlights

Committed to provide a fair and safe workplace

	Unit	1Q21	1Q20	Δ %
Employment				
Employees	#	12,063	11,563	4%
Female employees	%	26%	26%	0.1%
Female/Male fixed salary	x	1.04	1.05	-1%
Employee Engagement ^{1,2}	%	n.a.	80%	
Employee Enablement ^{1,2}	%	n.a.	74%	
Employee Turnover	%	4.0%	4.4%	-8%
Absenteeism*	%	2.8%	2.9%	-5%

*Excludes data from Viesgo

Training

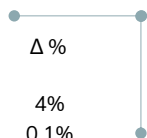
Total hours of training	h	67,064	52,094	29%
Employees with training	%	77%	58%	33%
Direct training investment	€ th	469	390	20%

Health and Safety

Accidents with lost workdays EDP	#	3	5	-40%
Accidents with lost workdays contractors ⁴	#	26	19	37%
Fatal work-related injuries EDP	#	0	0	
Fatal work-related injuries contractors	#	2	0	
Frequency rate EDP	Fr	0.55	0.92	-40%
Frequency rate contractors	Fr	1.60	1.58	1%
Total recordable injury rate	RFr	2.22	2.09	6%
Total recordable injury rate EDP	RFr	0.55	1.43	-61%
Total recordable injury rate contractors	RFr	2.74	2.38	15%

Social Investment

Beneficiary Entities	#	106	n.a.	
EDP volunteers	#	577	n.a.	
EDP time used in volunteering	h	1,175	2,005	-41%
Total Investment	€ th	1,697	2,649	-36%



30% female employees by 2025

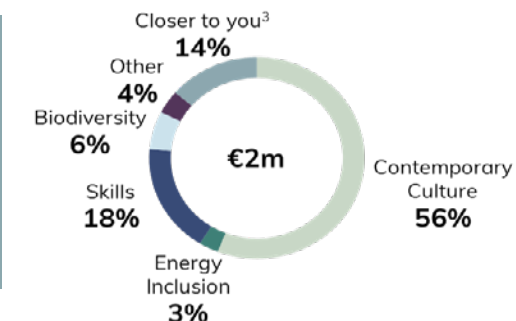


Top Tier Company in Employee Engagement



Accident Frequency Rate <1

Social Investment €100M by 2030



○ SFDR indicator

1. Annual Indicators refer to 2020YE. For more information please check our [Sustainability Report](#). 2. Engagement - reflects the involvement and commitment by employees; Enablement - reflects the the perception of organizational support by employees. 3. With Closer to you Programme EDP, aims to support the most disadvantaged groups in the communities. For more information please see our [Sustainability Report](#). 4. Accidents occurred at the place and working time or on a journey, with 1 or more days of absence and fatal accidents.



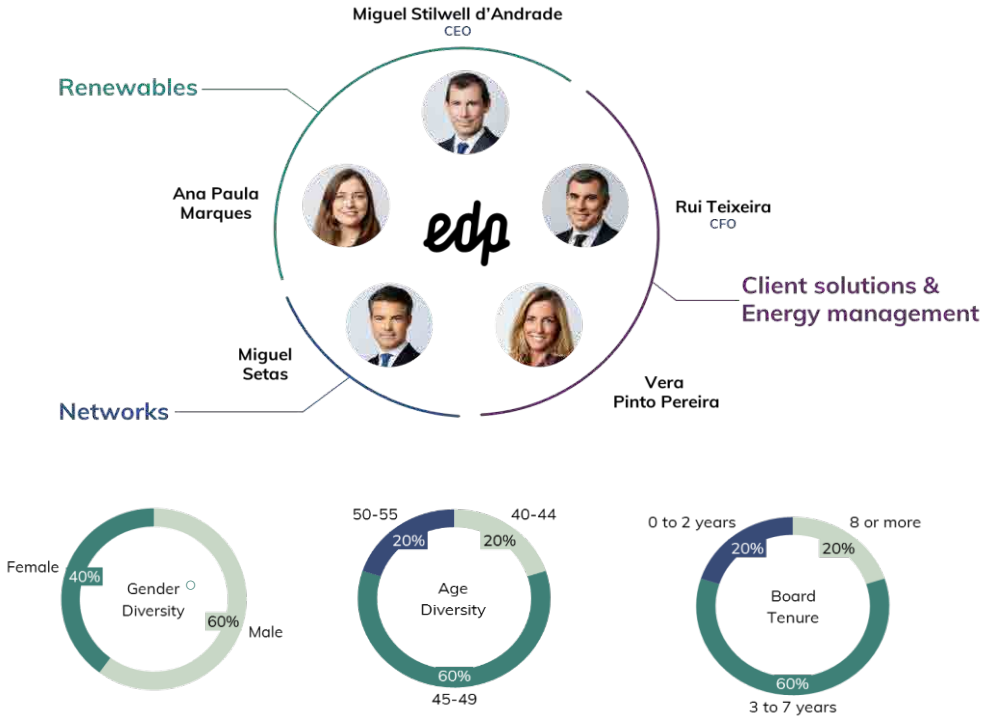
Governance Highlights

Committed to the best practices

Executive Board of Directors

Approved on the Extraordinary General Shareholders' Meeting on the 19th January 2021

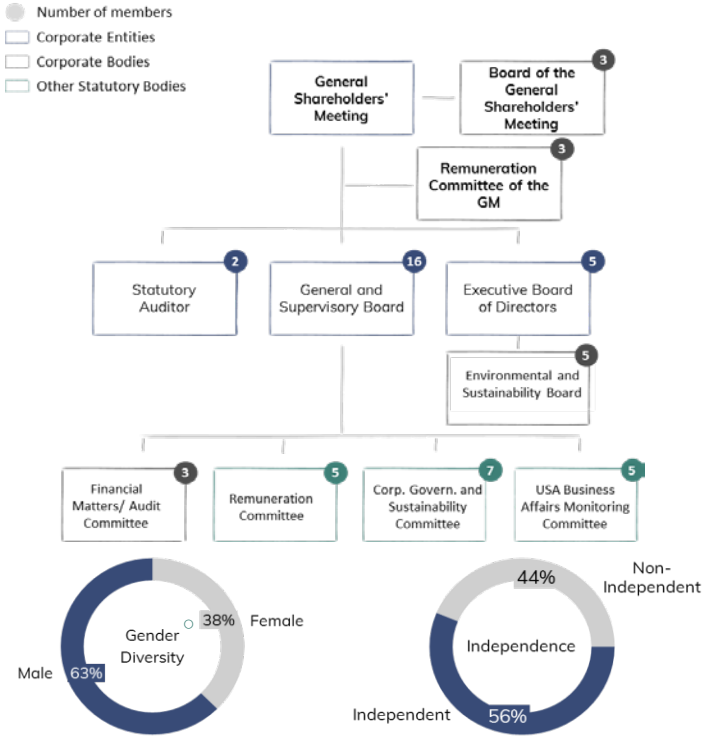
- Reduced number of members from 9 to 5



General and Supervisory Board

Approved on the General Shareholders' Meeting on the 14th April 2021

- Reduced number of members from 21 to 16



Key Links

Election of the members of the EBD, 2021-2023:



○ SFDR indicator

Election of the members of the GSB, 2021-2023:



Annual report of the GSB, 2020:

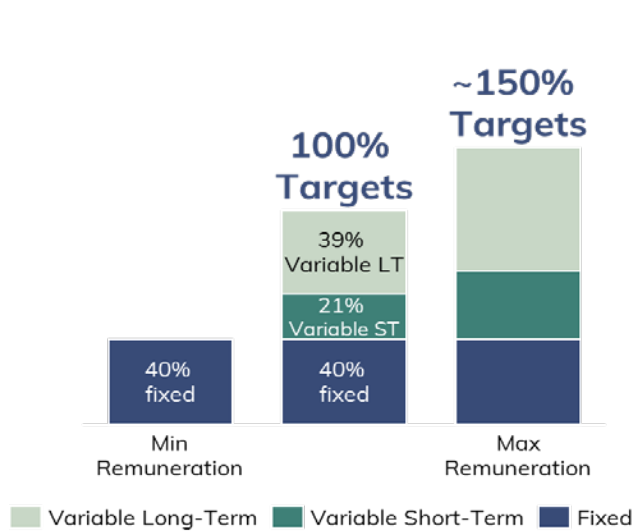


Governance Highlights

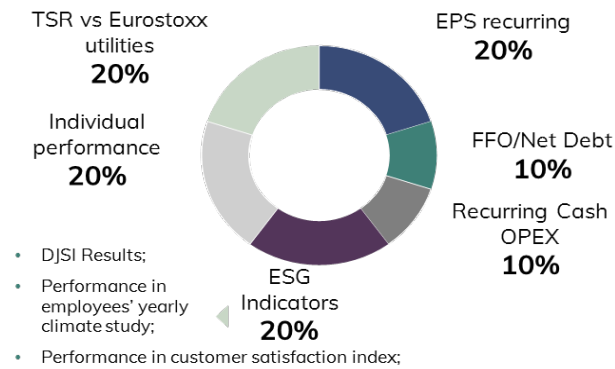
Overview of the Remuneration Policy

New Remuneration Policy aligned with Best Practices

Approved on the General Shareholders Meeting on the 14th April 2021

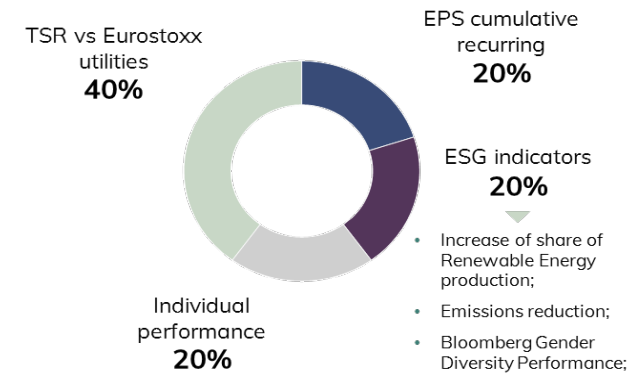


Short-term KPIs



- Comparison with **Budget**
- Max. Limit: **80%** fixed remuneration
- **>85%** of the targets need to be accomplished

Long-term KPIs



- Comparison with **Business Plan**
- Max. Limit: **145%** fixed remuneration
- **>85%** of the targets need to be accomplished
- Performance measured during **3 year period**

For further information:

Sustainability Report:



Code of Ethics:



Corporate Governance:



EBD Remuneration Policy: 2021-2023



Digitalization & Innovation Highlights

Committed to drive transformation

Digitalization

			Unit	1Q21	1Q20	Δ %
Global	Global	Cybersecurity	bitsight rating	800	710	13%
Digital Business	Customer	Selfcare Interactions ¹	%	71%	55%	29%
		Electronic Invoices ¹	%	36%	46%	-22%
	Assets & Operations Enterprise	Predictive Maintenance ^{1,2}	%	66%	70%	-6%
		Digitalized Processes ¹	%	n.a.	78%	
Digital Enablers	Data & Technology	Systems in the cloud	%	53%	38%	39%
	People & Organization	People w/ digital training ¹	%	77%	n.a.	
		Collaborative Tools	%	82%	79%	4%

Innovation

Innovation Team		Total investment (TOTEX) ³	€ m	17	12	40%
		Employees ³	#FTE	288	220	31%
Investment Portfolio		Ongoing investments VC	#	36	28	29%
		VC investment	€ m	1.7	0.9	102%
		VC investment cumulative ⁴	€ m	35.5	32.7	9%











Hydrogen has been gaining momentum, driven by ambitious decarbonization targets and policies and increasing competitiveness, and should play a key role in decarbonizing the “hard to abate sectors”, that cannot be easily electrified. The strong commitment to net zero led EDP to create a new unit, the **H2 Business Unit (H2BU)**, that will be the Group's new arm for the development of green hydrogen projects and support the last mile of the decarbonization efforts. This initiative reinforces EDP's commitment in this field and is fully aligned with EU's Hydrogen Strategy which sets the target of 40 GW for electrolysis capacity by 2030.

1. Changes in scope of reporting limits comparability; 2. 1Q20 Conventional Generation (PT & SP); 1Q21 Generation (PT & SP), EDPR & EDP Brasil; 3. Excluding Brazil in 1Q20; 4. Net of disinvestments.



ESG Ratings

Committed to excellence

Rater	Range	Score	Ranking	Last Assessment	
 Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	[0-100]	88	2 nd	Nov-20	✓
 FTSE4Good	[0-5]	4.7	Top 3%	Dec-20	✓
 EURONEXT V.E. INDEXES	[0-100]	71	3 rd	Sep-20	✓
 Corporate ESG Performance ISS ESG Prime	[D ⁻ -A ⁺]	B	n.a.	Dec-20	✓
 SUSTAINALYTICS a Morningstar company	[100-0]	22.5	n.a.	Apr-21	✓
 MSCI ESG RATINGS AAA	[CCC-AAA]	AAA	Top 7%	Apr-21	✓
 CDP A LIST 2020 CLIMATE	[D ⁻ -A]	A	n.a.	Dec-20	
 CDP A LIST 2020 WATER	[D ⁻ -A]	A	n.a.	Dec-20	

✓ Top quartile in ESG rating performance

For more information on EDP's sustainability performance please visit our [website](#)

For more information on indicators please visit our [glossary online](#)



1. The comparable peers exclude companies that manage transmission grids, only includes the ones that handle throughout the electricity value chain and electricity/gas supply. S&P ranking is considering the members' companies of DJSI World and Europe; 2. The ESG Risk Rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing those risks (opposed to a score). This rating distinguishes five levels ranging from 100 (Severe) to 0 (Negligible). EDP is considered to have a medium level of risk.



EDP Sustainability Report 2020

For further information please visit our sustainability report available in our website

