



edp

ESG REPORT 9M21



## Key Highlights

At EDP Group, we remain committed to transparency and the reporting of non-financial metrics and ESG indicators. These have become business imperatives. As regulation evolves, we will continue to adopt and promote the most recognized reporting standards and frameworks. At EDP we are already reporting according to GRI, SASB, TCFD, and other metrics.

Besides our 12 strategic sustainability objectives, which aim to contribute towards the realisation of 9 out of the 17 UN Sustainable Development Goals (SDGs) by 2030, we have also engaged with the UN Global Compact CFO Taskforce. This initiative aims to help companies from any sector or geography re-shape the financing of their strategies to contribute to the SDGs and to help create a vibrant market for sustainability-related securities. On the 20th September 2021, the CFO Taskforce announced an initial commitment to invest more than \$500 billion over the next five years towards the Sustainable Development Goals.

The full alignment of EDP strategy with the energy transition and best-practice ESG reporting enables us to finance growth with green and cost competitive funding. This quarter, EDP Group seized on the increasing appetite for these instruments, and issued €1.25 billion in two Green hybrid bonds, bringing us closer to our goal of green funding representing 50% of total funding by 2025.

The stakes have never been higher. It's time to go faster and further in the fight against climate change. Through our strategic goals and fast growth EDP Group continues to reinforce its market status as a

leader in the energy transition. Our continued investments in renewables, along with enhanced reporting and transparency, underline our ambition of "Changing Tomorrow Now".

For more information on our sustainability strategy, please see the latest information here. Finally, we were delighted to hold our first ESG Day in October, which provided the opportunity for open and transparent dialogue with the investment community on a range of ESG topics.

**"At EDP we are passionately committed to the Energy Transition, and through this central mission have a positive impact in the World."**

## Environment

At EDP Group, we are proud to be at the forefront of the deployment of new technologies to accelerate the decarbonization of electricity systems and promote the globalization of access to clean energy. This quarter, we are proud to have joined several ambitious and global alliances in the pursuit of this common aim. In September, we joined the Global Compact for 24/7 Carbon-Free Energy which aims for every kilowatt-hour of electricity consumption to be met with carbon-free electricity sources.

Separately, EDP also joined the Global Alliance for Sustainable Energy, a joint response to the urgent need to decarbonize the global economy while ensuring its sustainability from an environmental, social and governance perspective.

## Social

In October, we announced our most recent Health and Safety program "Playitsafe" with the objective of eradicating accidents and personal harm. This initiative shows our commitment to providing a safe workplace for all of our 12,000 employees, as well as our ambition to fulfil our SDGs targets. Also worth highlighting, in October, EDP Renewables joined the "Empowering Women's Talent" program for the development of female talent promoted by Equipos & Talento. With the aim of promoting female empowerment and leadership, this program helps companies to learn, share, communicate and inspire about gender diversity.

## Governance

EDP is focused on delivering an ESG strategy which has governance at its heart. In July, EDP was a recipient of the Most Sustainable Company in the Utilities Industry at the World Finance Sustainability Award 2021 due to its contribution to the net-zero economy and the alignment between ESG issues and its long-term corporate strategy. Aligned with EDP's 2021-2025 business plan, the remuneration committee of the General and Supervisory Board established that 20% of the Executive Board of Directors short and long-term variable remuneration depends on ESG KPIs.






Rui Teixeira  
Executive Board Member

As regulation evolves, we will continue to be proactive in the adoption of the most recognized reporting standards. The indicators included in this report are selected based on their relevance to investor communities and our business operations. For more sustainability information please see full-year EDP Sustainability report [here](#).

Our annual sustainability report follows other voluntary regulatory reporting frameworks, namely the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) and the Portuguese Securities Market Commission (CMVM).



# ESG PERFORMANCE AT A GLANCE

	INDICATOR	UNIT	9M21	9M20	Δ %	TARGET	
						2025	2030
 <b>ENVIRONMENT</b>	Revenues aligned with EU taxonomy <sup>1</sup>	%	66%	58%	14%	70%	>80%
	Scope 1 & 2 Emissions Intensity	gCO2/kWh	167	134	25%	~100	0 ○
	Renewables Generation	%	76%	74%	3%	85%	100% ○
	Coal Installed Capacity	%	8%	12%	-31%	0	0 ○
	Total Waste	kt	242	186	30	118	30
 <b>SOCIAL</b>	Employee Engagement (top tier company) <sup>2</sup>		✓	✓		✓	✓
	Female Overall	%	26.4%	25.9%	2%	30%	35%
	Accident Frequency Rate <sup>3</sup>	Fr	1.81	1.51	20%	1.55	<1
 <b>GOVERNANCE</b>	Female on Leadership	%	26.0%	25.3%	3%	30%	35%
	ESG & equity linked compensation for Top Management <sup>4</sup>	.	✓	✓		✓	✓
	Cybersecurity	bitsight rating	810	780	4%	Keep advanced <sup>5</sup>	
	Top quartile in ESG rating Performance <sup>6</sup>	.	✓	✓		✓	✓

**Revenues aligned with the EU Taxonomy increased to 66%** as we continue to accelerate growth and invest in the Energy Transition, with total Gross Investments increasing by 15% YoY, amounting to €2.7 billion in the 9M21, 94% of which in Renewables and Networks.

**Renewables represented 76% of electricity generated** by EDP in the 9M21, as we continue to ramp-up renewables deployment, with 2.6 GW of wind and solar capacity added in the last 12 months.

**Specific CO<sub>2</sub> emissions** increase in the 9M21, is related to the increase of production in Pecém in Brazil, due to adverse hydrology in the Northeast of Brazil in this period, given that Brazil is experiencing the worst in hydrology crisis for the past 91 years.

Similarly to last quarter, **total waste increased by 30%** YoY, mainly explained by the reduced activity of Pecém's power plant in 2020, which was completely idle between April and August, operating only partially in March and September of 2020.

**Accident Frequency rate** increased to 1.81 in the 9M21, in a very unfortunate quarter, in particular within our service providers. EDP continues determined to strengthen the culture of Occupational Health and Safety, having started a new program, "Playitsafe", to raise awareness of the importance of building and adopting safe habits at EDP.

In the 9M21, **females representation stood at 26%** of EDP's workforce representing +3% increase versus the comparable period.

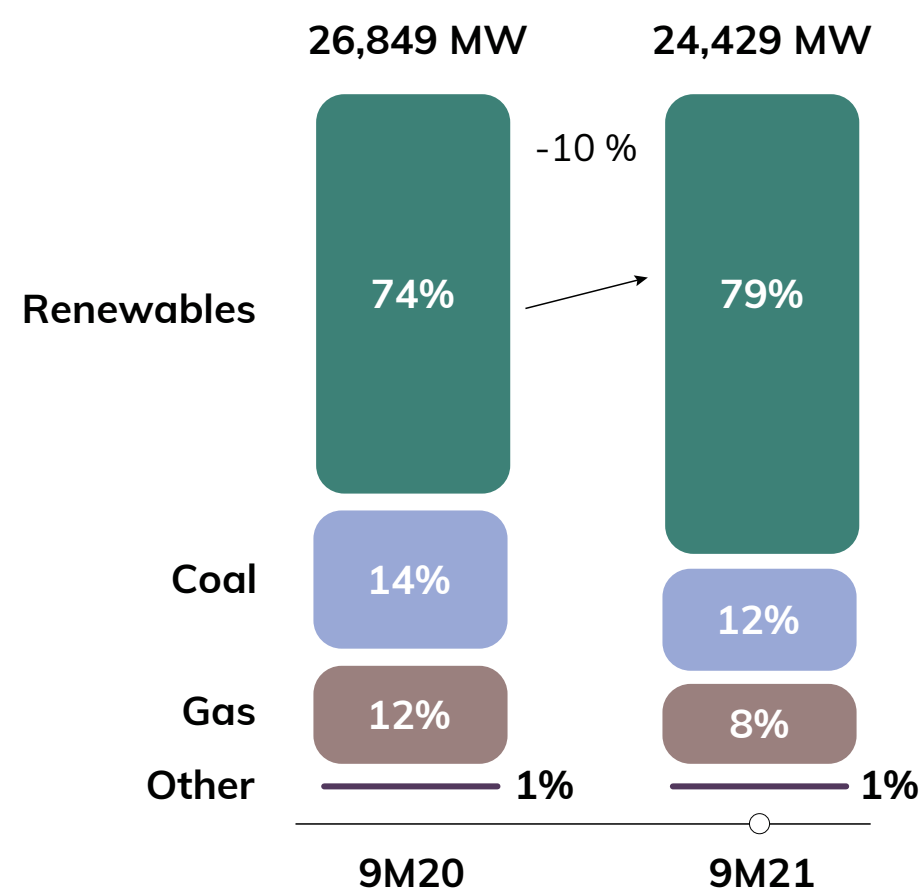
○ SFDR indicator

1. Value for 9M20 is an annual measure; 2. Above the high performing norm, including results of surveys done to more than 875,000 employees in 50 high performing organizations and is based on company financial performance and engagement and enablement scores. 3. Number of accidents at work with absence/fatalities, per million hours worked (including employees and contractors); 4. Applicable to Board of Directors and top management; 5. >= 740; 6. Includes DJSI, FTSE4Good, MSCI and Sustainalytics.

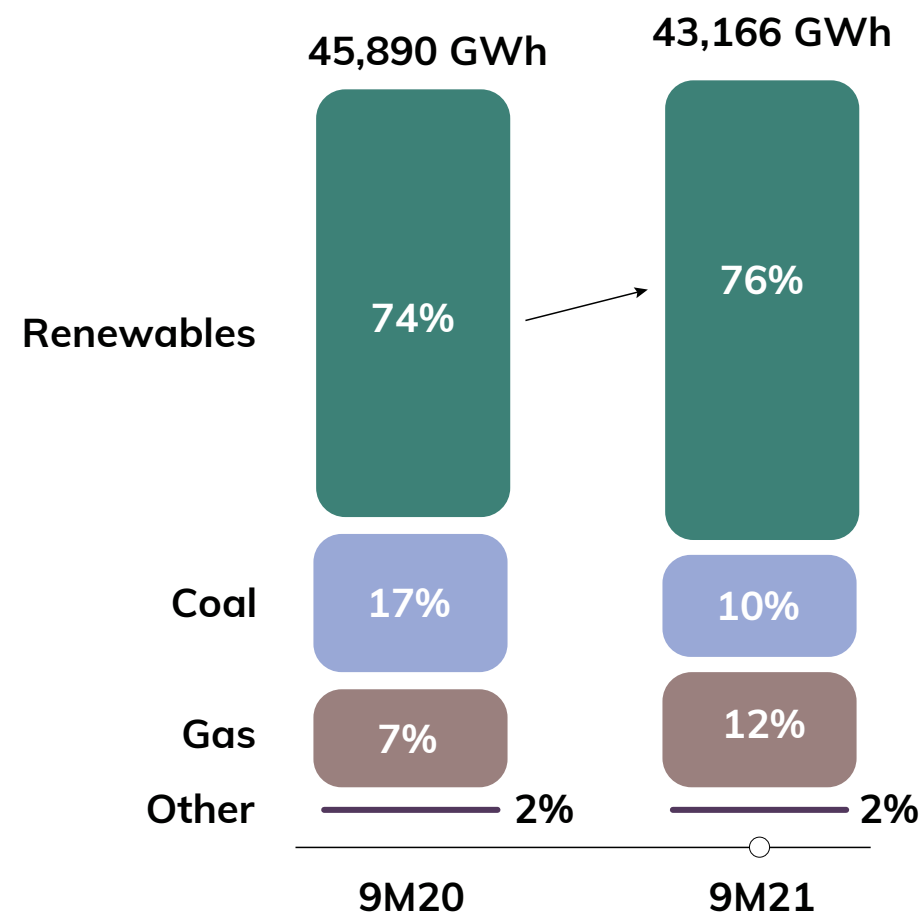


# OPERATIONAL HIGHLIGHTS COMMITTED TO A RENEWABLES PATH

## Installed Capacity (MW)<sup>1,2</sup>



## Electricity Generation (GWh)



## Hydro Coefficient (%)

	9M21	9M20	Δ %
Portugal	113%	97%	16%
Spain	89%	100%	-11%
Brazil <sup>3</sup>	67%	85%	-21%

## Renewables Index (%)<sup>4</sup>

	9M21	9M20	Δ %
Renewables Index (%) <sup>4</sup>	-5%	-6%	-8%

## Electricity distributed (GWh)

	9M21	9M20	Δ %
Portugal	33 297	32 665	2%
Spain	10 603	5 562	91%
Brazil	19 501	18 048	8%

## Clients connected - supply (#th)

	9M21	9M20	Δ %
Portugal	6 355	6 306	1%
Spain	1 375	670	105%
Brazil	3 651	3 574	2%

## Total Energy consumption

	9M21	9M20	Δ %
Total Energy consumption	28 301	25 062	13%

## Total Renewable consumption (GWh)

	9M21	9M20	Δ %
Total Renewable consumption (GWh)	1 147	1 151	0%

Fuel	4	3	14%
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Electricity	1 144	1 148	0%
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Self-generated non-fuel renewable energy	1 097	1 111	-1%
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<b>Total Non-Renewable consumption</b>	<b>27 154</b>	<b>23 911</b>	<b>14%</b>
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Fuel	24 263	22 958	6%
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Electricity	2 890	953	203%
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<b>Energy consumption intensity (MJ/€)</b>	<b>9</b>	<b>9</b>	<b>-4%</b>
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○ SFDR indicator

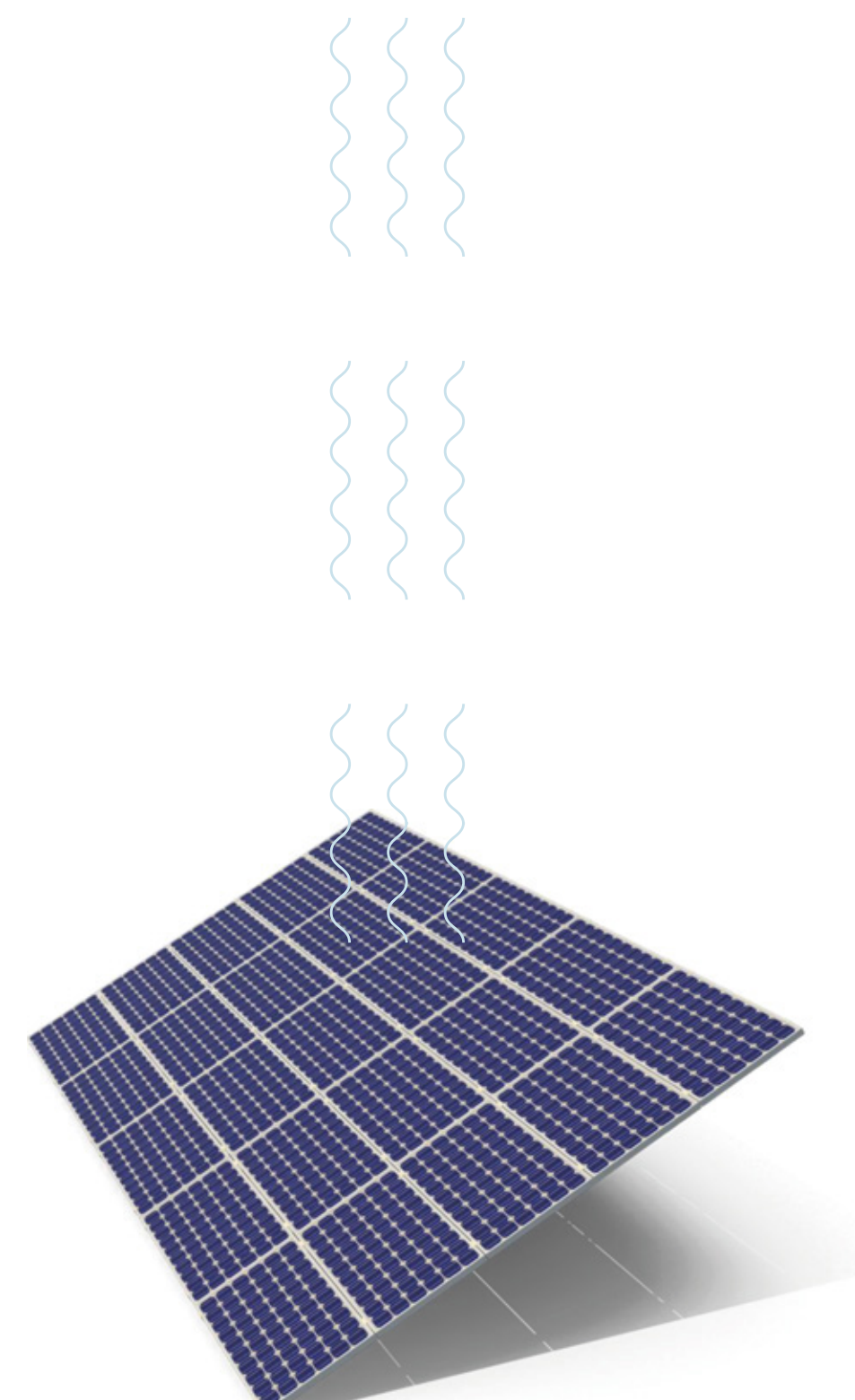
<sup>1</sup>. EBITDA MW; <sup>2</sup>. Other includes Nuclear, Cogeneration & Waste; <sup>3</sup>. Brazil hydro coefficient refers to ENA index; <sup>4</sup>. Renewables Index (vs. LT avg. Gross Capacity Factor).





## NEW SERVICES HIGHLIGHTS COMMITTED TO DRIVE NEW CLIENT SOLUTIONS AND SMARTER NETWORKS

Energy Efficiency	UNIT	9M21	9M20	Δ %
Energy Services Revenues / Turnover <sup>2</sup>	%	9,4%	8,1%	17%
Energy Efficiency Services Revenues	€ m	270	172	57%
<b>Distributed generation</b>				
Distributed solar (As a service & Transactional) <sup>6</sup>	MW	217	61	256%
Portugal	MW	54	29	83%
Spain	MW	28	8	244%
Brazil	MW	33	22	47%
US & Other	MW	102	n.a.	
<b>E-mobility</b>				
Light fleet electrification	%	12%	10%	19%
Electric charging points <sup>3</sup>	#	2 906	1 320	120 %
Clients with electric mobility solutions	#	38 747	15 187	155 %
<b>Smart Meters</b>				
Portugal	# m	3.8	3.1	24%
Spain	# m	1.4	0.7	104%
<b>Client satisfaction</b> <sup>1</sup>	%	n.a.	79%	
<b>Electricity Grid Losses</b>				
Portugal	%	8.4%	8,8%	-4%
Spain	%	4.4%	3.5%	25%
Brazil (São Paulo)	%	8.3%	8.6%	-4%
Brazil (Espírito Santo)	%	12.7%	13.0%	-2%
<b>Customers with Sustainable Services</b> <sup>4</sup>	%	14.9%	n.a.	
<b>CO2savings downstream</b> <sup>1,5</sup>	ktCO2	n.a.	1 413	



1. Annual Indicators refer to 2020Y€Z. 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; 6. Total capacity contracted YTD, including inorganic capacity.

UNIT

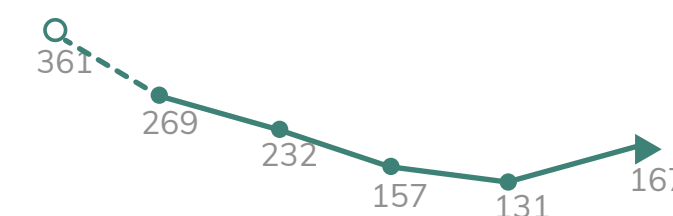
	9M21	9M20	Δ %
<b>Greenhouse gas emissions (ktCO<sub>2</sub>eq)</b>			
Scope 1 & 2 Emissions Intensity (gCO <sub>2</sub> /kWh)	167	134	25%
Scope 1 GHG Emissions	6 651	5 545	20%
Scope 2 GHG Emissions <sup>1</sup>	494	540	-9%
Scope 3 GHG Emissions <sup>2</sup>	n.a.	11 572	
Avoided emissions	17 446	18 937	-8%
<b>Air quality (kt)</b>			
NO <sub>x</sub> emissions	5.62	3.68	53%
SO <sub>2</sub> emissions	8.90	2.95	201%
Particulate matter emissions	0.92	0.64	43%
<b>Water management (10<sup>3</sup>m<sup>3</sup>)</b>			
Total freshwater withdrawn	10 531	7 227	46%
Total freshwater consumed	9 442	6 575	44%
<b>Coal &amp; Waste management (t)</b>			
Total waste disposal	200 855	128 160	57%
Total coal combustion waste disposal (%)	18 216	2 872	534%
Average waste recovery rate	89%	96%	-8%
Hazardous waste	4 909	3 895	26%
<b>Environmental Matters (€ m)</b>			
Investments	61.7	43.0	43%
Expenses	181.9	167,4	9%
Environmental Fines and Penalties (€ th)	19.5	3.0	548%
Vegetation management <sup>3</sup>	13.9	11.1	26%
ISO 14001 Certification (%)	92%	95%	-4%
<b>Low carbon economy (%)</b>			
EBITDA in Renewables	57%	60%	-5%
CAPEX in Renewables	74%	71%	3%
Revenues from coal	5%	5%	3%
Revenues aligned with EU taxonomy <sup>2</sup>	66%	58%	19%
CO <sub>2</sub> / Revenues <sup>4</sup>	0.71	0.67	6%

○ 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 (tCO<sub>2</sub>eq) emissions, divided by revenues for the corresponding year, expressed in millions of euros.



-54% (vs. 2015) Scope 1 & 2 Emissions Intensity



2015 2018 2019 2020 1H21 9M21

Scope 1 & 2 Emissions Intensity



1,180 MW Coal Decommissioned YoY



66% Revenues aligned with EU taxonomy in 9M21

 FOR MORE INFORMATION PLEASE CHECK OUR BIODIVERSITY REPORT





# SOCIAL HIGHLIGHTS COMMITTED TO PROVIDE A FAIR AND SAFE WORKPLACE

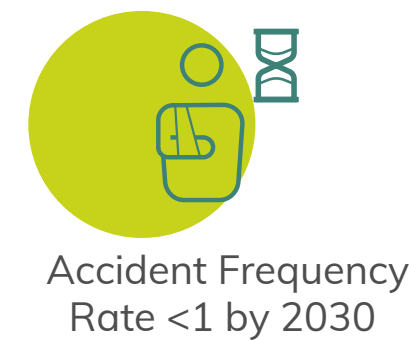
	UNIT	9M21	9M20	Δ %
<b>Employment</b>				
Employees	#	12 232	11 781	4%
Female employees	%	26%	26%	2,0%
Female/Male fixed salary	x	1.05	1.05	0%
Employee Engagement <sup>1,2</sup>	%	n.a.	80%	
Employee Enablement <sup>1,2</sup>	%	n.a.	74%	
Employee Turnover	%	9.8%	7.1%	38%
Absenteeism	%	3.2%	2.8%	16%



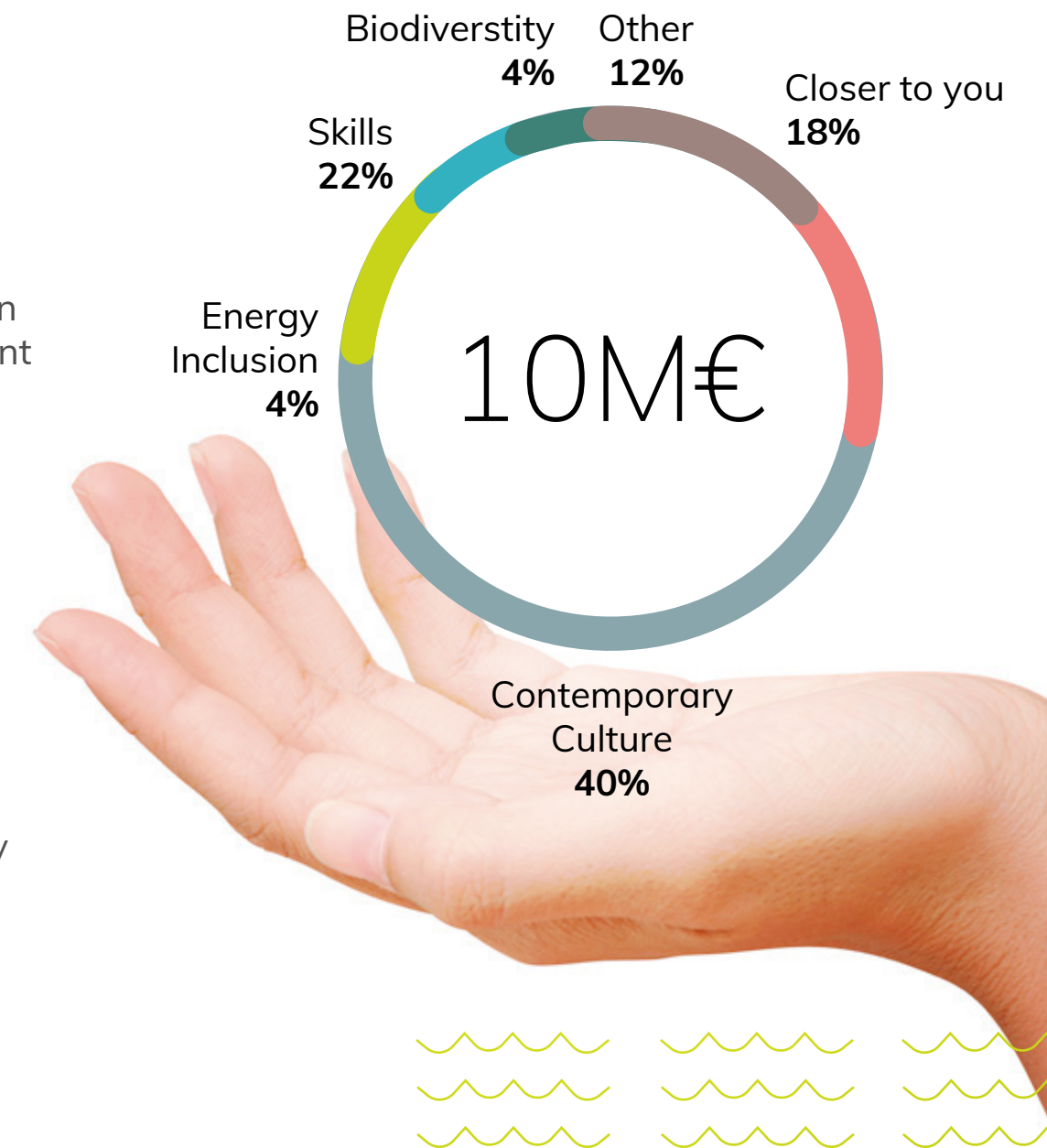
<b>Training</b>				
Total hours of training	h	234 471	156 771	50%
Employees with training	%	99%	88%	12%
Direct training investment	€ th	2 135	1 719	24%



<b>Health and Safety</b>				
Accidents with lost workdays EDP	#	15	11	36%
Accidents with lost workdays contractors <sup>4</sup>	#	102	69	48%
Fatal work-related injuries EDP	#	0	0	
Fatal work-related injuries contractors	#	6	3	100%
Frequency rate EDP	Fr	0.89	0.67	33%
Frequency rate contractors	Fr	2.11	1.86	13%
Total recordable injury rate	RFr	2.54	2.28	11%
Total recordable injury rate EDP	RFr	1.24	1.09	14%
Total recordable injury rate contractors	RFr	2.97	2.79	7%



<b>Social Investment</b>				
Beneficiary Entities	#	296	589	-50%
EDP volunteers	#	1 750	904	94%
EDP time used in volunteering	h	5 338	8 724	-39%
Total Investment	€ th	9 669	10 840	-11%



○ 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.

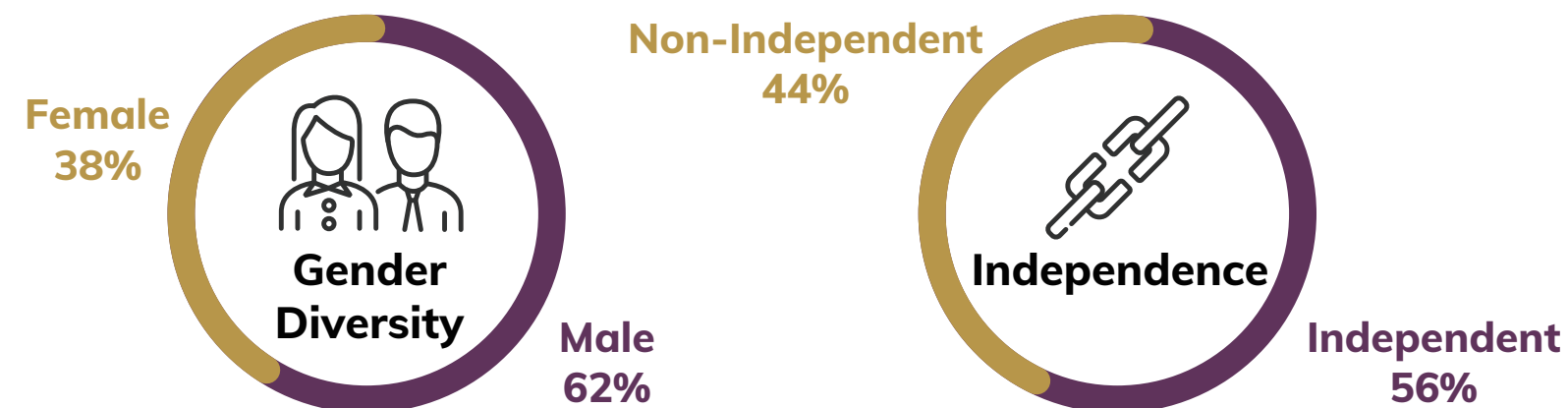
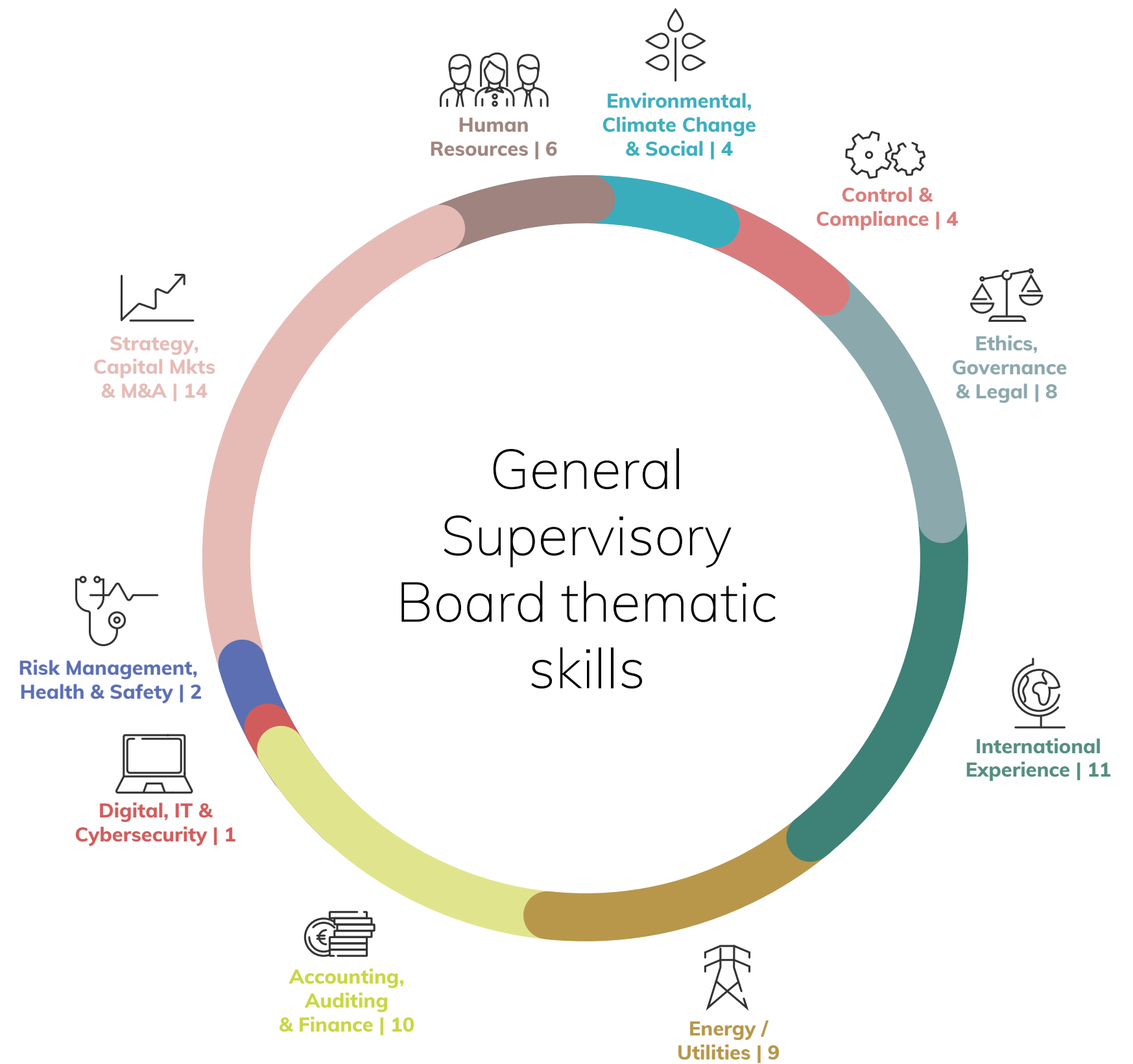
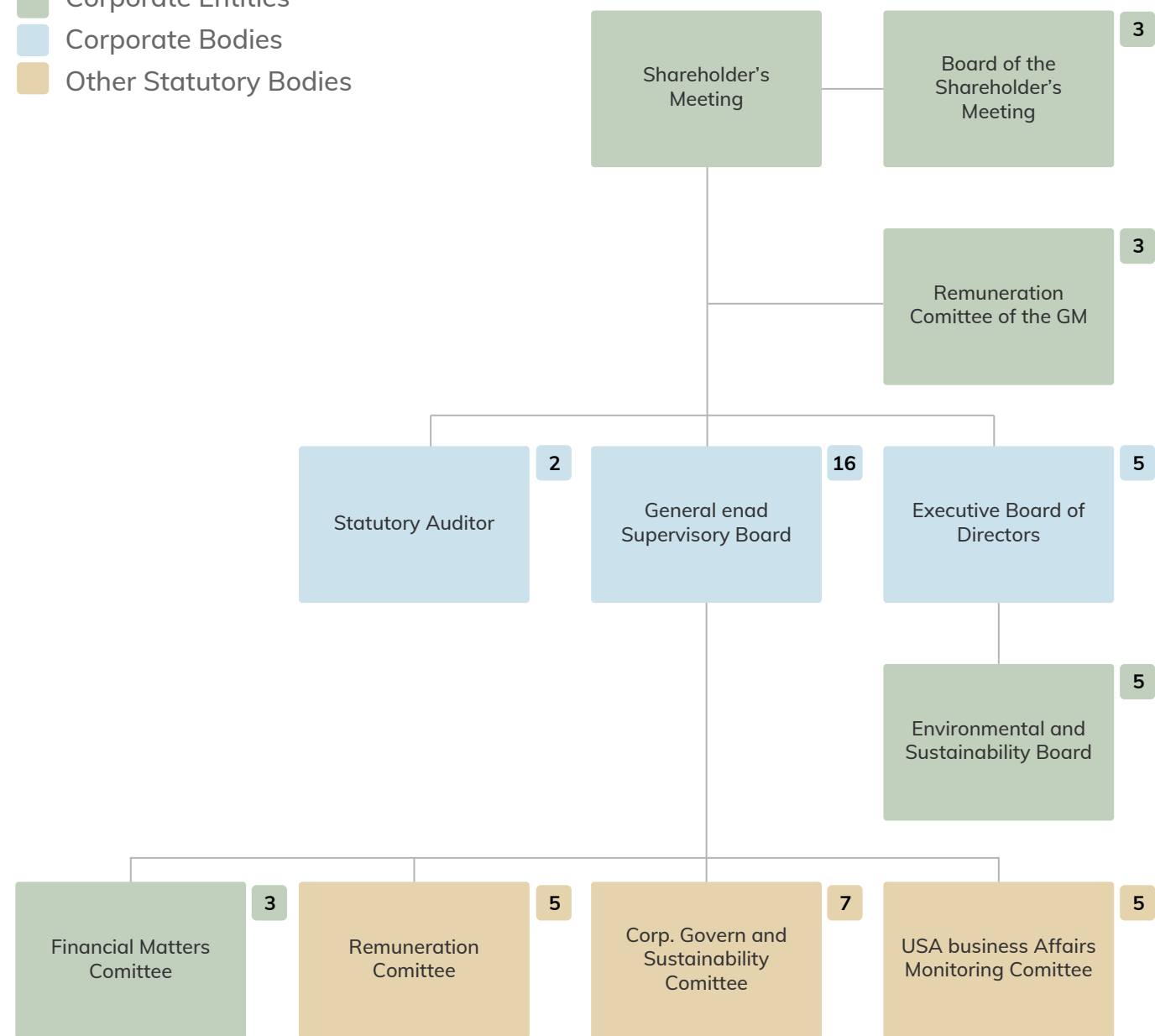
# GOVERNANCE HIGHLIGHTS COMMITTED TO THE BEST PRACTICES

## General and Supervisory Board

Approved on the General Shareholders' Meeting on the 14<sup>th</sup> April 2021

Reduced number of members from 21 to 16

- Corporate Entities
- Corporate Bodies
- Other Statutory Bodies



Independent, diverse and experienced General Supervisory Board with a strengthened cohesion  
Full-time and independent Chairman

- ELECTION OF THE MEMBERS OF THE GSB (1/2)
- ELECTION OF THE MEMBERS OF THE GSB (2/2)
- ANNUAL REPORT OF THE GSB

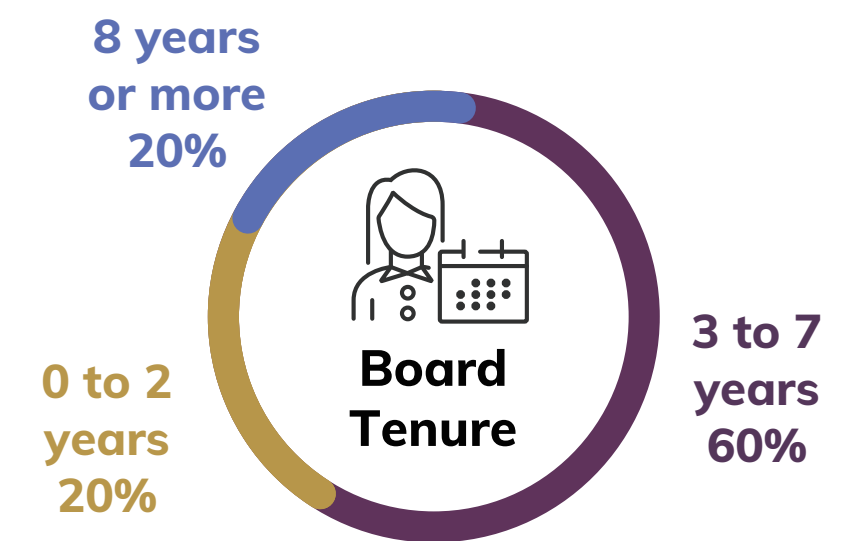
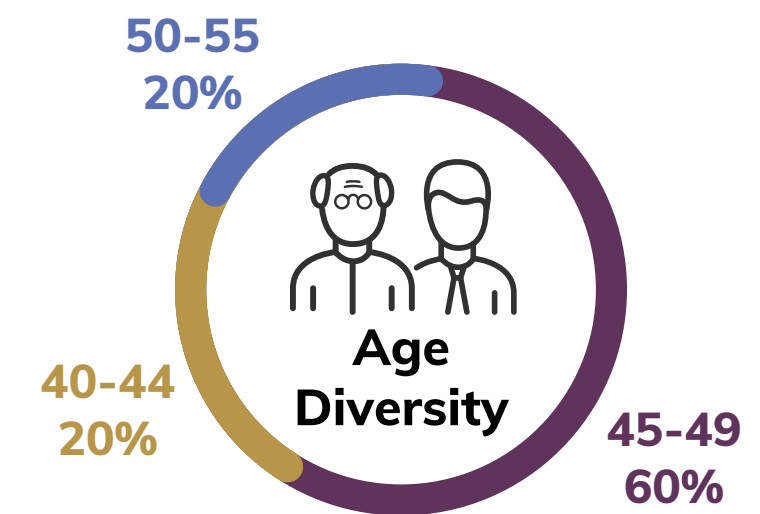


# GOVERNANCE HIGHLIGHTS COMMITTED TO THE BEST PRACTICES

## Executive Board of Directors

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

Reduced number of members from 9 to 5



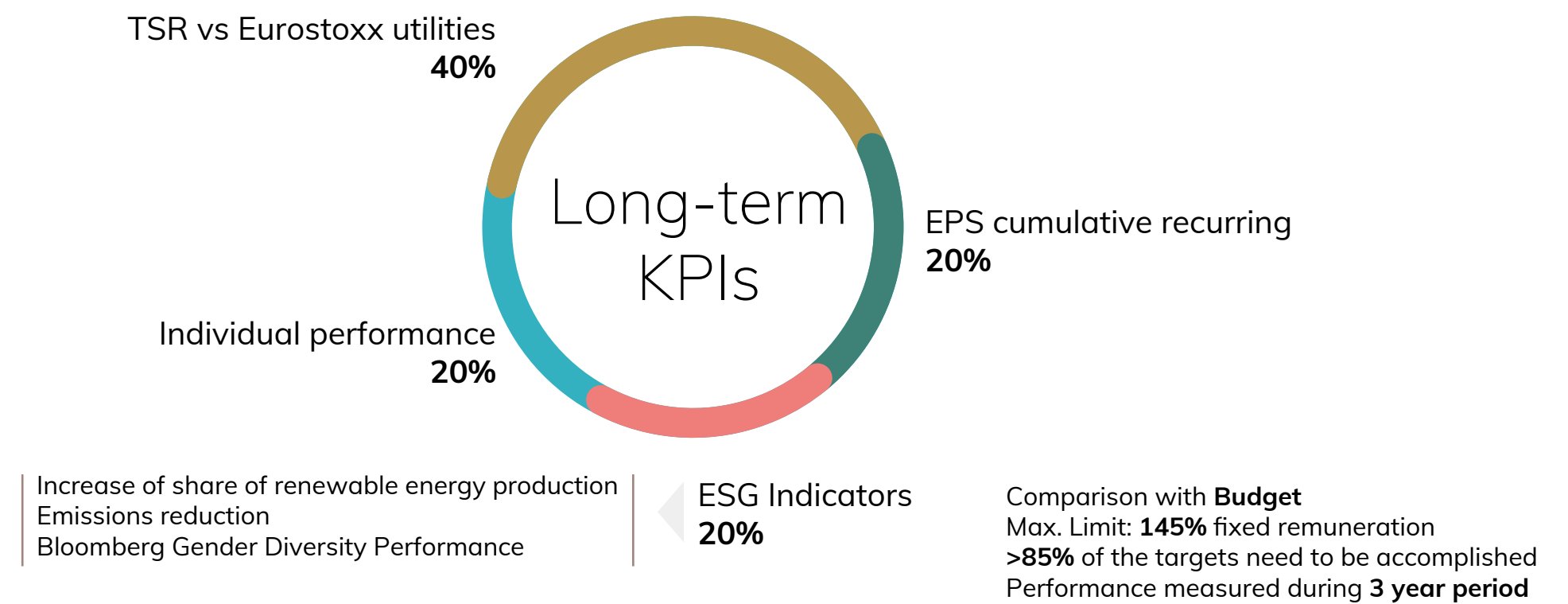
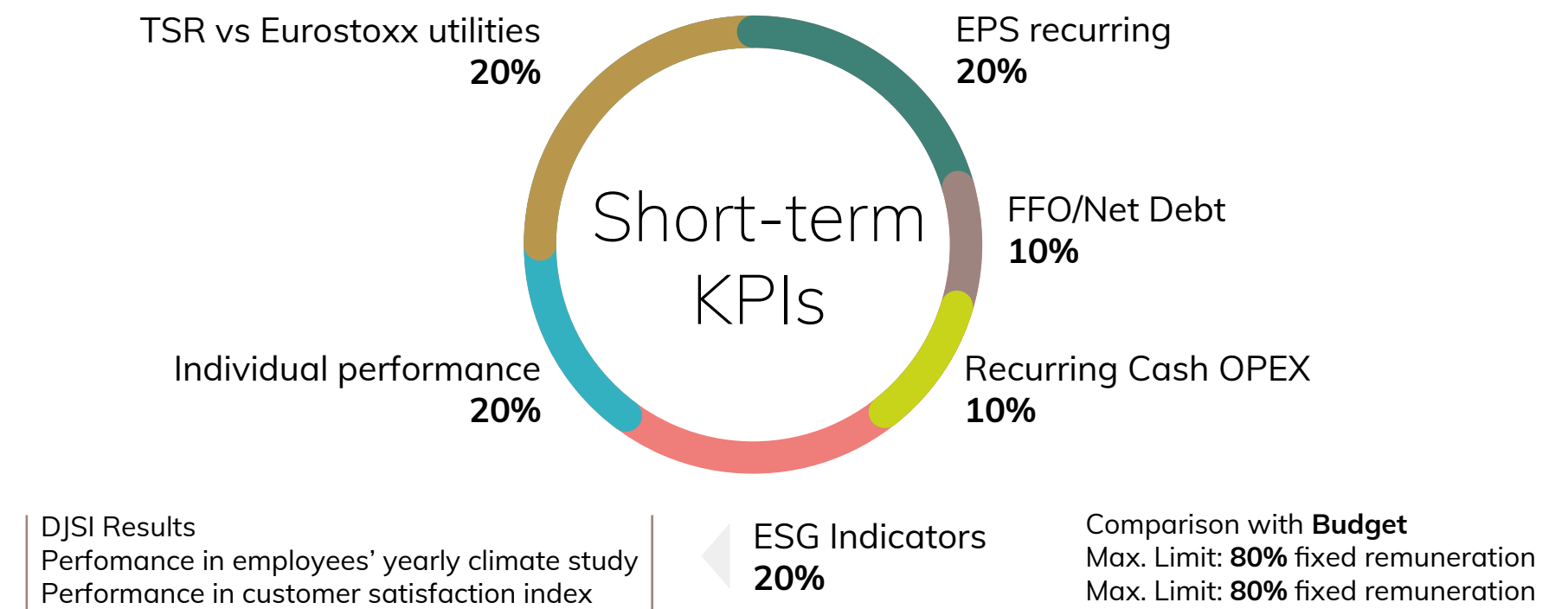
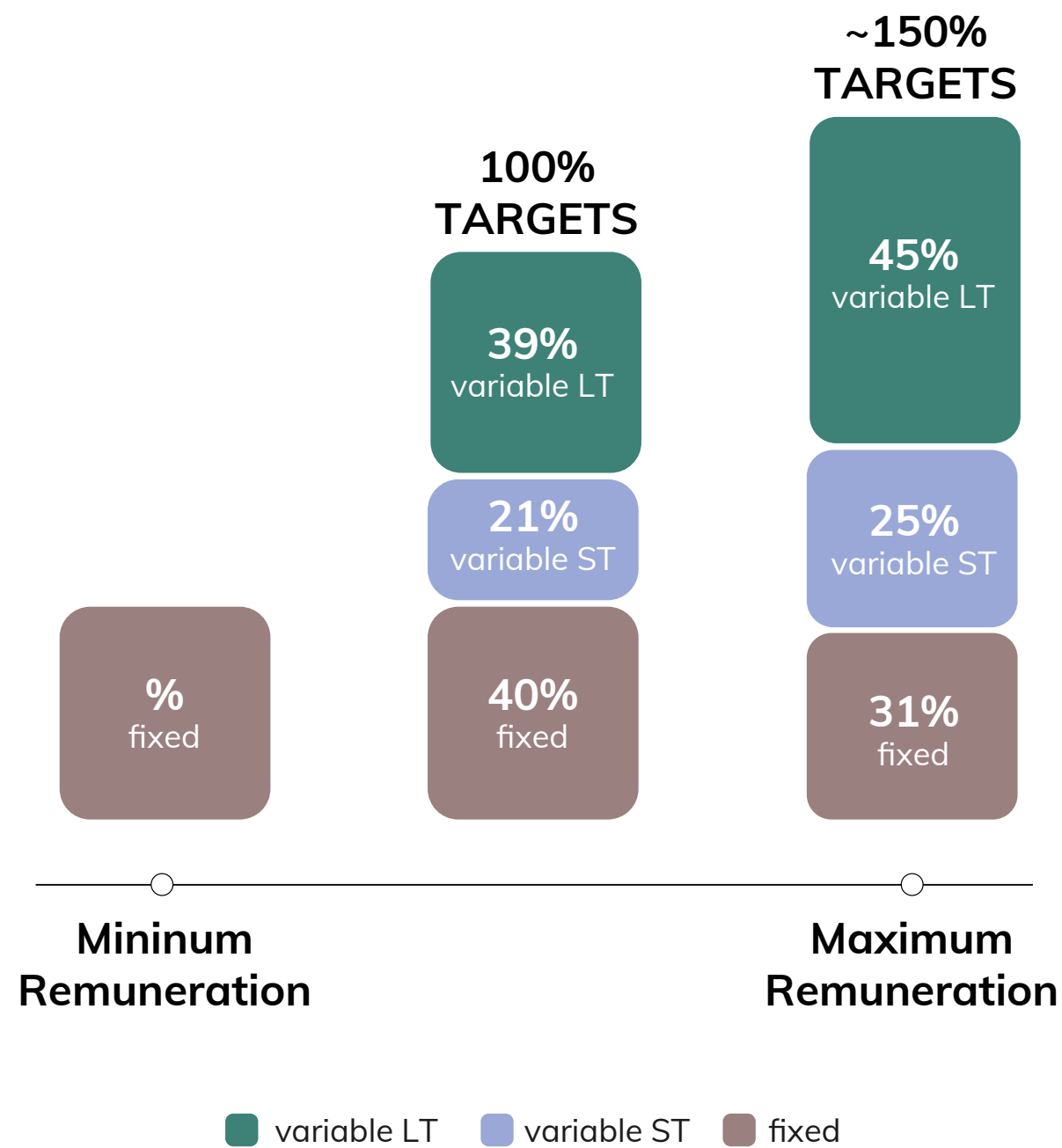
**i** ELECTION OF THE MEMBERS OF THE EBD



# GOVERNANCE HIGHLIGHTS OVERVIEW OF THE REMUNERATION POLICY

## New Remuneration Policy aligned with Best Practices

Approved on the General Shareholders Meeting on the 14<sup>th</sup> April 2021



- SUSTAINABILITY REPORT
- CODE OF ETHICS
- CORPORATE GOVERNANCE
- EBD REMUNERATION POLICY 2021 - 2023



# DIGITALIZATION & INNOVATION HIGHLIGHTS COMMITTED TO DRIVE TRANSFORMATION

## DIGITALIZATION

			UNIT	9M21	9M20	Δ %
Global	Global	Cybersecurity	bitsight rating	810	780	4%
Digital Business	Customer	Selfcare Interactions <sup>1</sup>	%	71%	55%	29%
		Electronic Invoices <sup>1</sup>	%	38%	46%	-17%
	Assets & Operations Enterprise	Predictive Maintenance <sup>1,2</sup>	%	65%	71%	-8%
		Digitalized Processes <sup>1</sup>	%	n.a.	82%	
Digital Enablers	Data & Technology	Systems in the cloud	%	58%	44%	32%
	People & Organization	People w/ digital training <sup>1</sup>	%	77%	n.a.	
		Headcount in Collaborative Initiatives <sup>1</sup>	%	22%	n.a.	

## INNOVATION

Innovation Team	Total investment (TOTEX) <sup>3</sup>	€ Mn	56	33	72%
	Employees <sup>3</sup>	#FTE	323	222	45%
Investment Portfolio	Ongoing investments VC	#	37	29	28%
	VC investment	€ Mn	4,5	2,20	83%
	VC investment cumulative	€ Mn	37,5	34.1	10%











EDP moves forward with the first Hybridization project in Portugal, connecting to Alqueva II Hydroelectric Power Plant a Floating PV Plant (5MWp) and a Battery Storage System (1 MW/2 MWh). Alqueva will become a living laboratory, which will test the complementarity between dispatchable (hydroelectric) and non-dispatchable (photovoltaic) renewable energy production sources as well as long-term (pumping) and short-term (batteries) energy storage solutions, all integrated on the same interconnection point to the national transmission network. The development of this Hybrid Power Plant will allow the experimentation of innovative mechanisms for the combined management of multiple resources of different technologies, aiming for the dispatch of a portfolio capable to provide optimal results on energy markets. This will serve as a first model, to be replicated in the future, where the synchronization of renewables and storage will be essential to ensure the flexibility and reliability of Power Systems.


1. Changes in scope of reporting limits comparability; 2. 9M20 Conventional Generation (PT & SP); 9M21 Generation (PT & SP), EDPR & EDP Brasil; 3. Excluding Brazil in 1H20; 4. Net of disinvestments;




# ESG RATINGS COMMITTED TO EXCELLENCE

RATER	SCORE	RANKING	LAST ASSESSMENT
 <p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p>	88/100	2 <sup>nd</sup>	Nov-20
 <p>FTSE4Good</p>	4.2/5	Top 5%	Jul-21
 <p><b>EURONEXT</b> V.E INDICES</p>	71/100	3 <sup>rd</sup>	Jun-21
 <p>Corporate ESG Performance ISS ESG Prime</p>	B/D <sup>-</sup> -A <sup>+</sup>	n.a.	Dec-20
 <p><b>SUSTAINALYTICS</b> a Morningstar company</p>	22.5/100	n.a.	Apr-21
 <p><b>MSCI</b> ESG RATINGS AAA</p>	AAA/CCC-AAA	Top 7%	Apr-21
 <p><b>CDP</b> A LIST 2020 CLIMATE</p>	A/D <sup>-</sup> -A <sup>+</sup>	n.a.	Dec-20
 <p><b>CDP</b> A LIST 2020 WATER</p>	A/D <sup>-</sup> -A <sup>+</sup>	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 on indicators please visit our [online glossary](#)

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.





For further information please visit our [sustainability report](#) and our [ESG DAY page](#) available in our [website](#)

