



edp

ESG REPORT 2021

LEADING ON ESG MATTERS AT EDP

Key Highlights

2021 saw an unprecedented global movement of net zero commitments by countries, cities, regions, businesses and investors. While COP26 confirmed "code red for humanity" amidst the IPCC¹'s starkest assessment ever, it also kept to the objective to limit the global temperature rise to 1.5°C.

The energy transition emerged as the greatest challenge of our time, with the High-Level Dialogue on Energy (UN HLDE) convened in September by the UN Secretary General. The IEA Net Zero Report signaled a very narrow pathway to fulfill net zero, combining renewables, electrification and energy efficiency with adequate policies and further technological innovation. Greater collaboration and action are needed from entire ecosystems, across business, supply chain, governments and civil society.

We revised our business strategy (BP 2021-25) which now comprises ambitious ESG targets focused on leading the energy transition, protecting the environment, delivering a positive impact on society and maintaining strong governance.

We committed €24 bn of further investment in the energy transition and we are set to become coal free by 2025 (zero contribution of coal to our revenues by 2025 year-end). Furthermore, we plan to be "All Green" (100% renewables in our portfolio), and carbon neutral by 2030 (reducing our scope 1 and 2 emissions by 98%).

This year we continued to work with our partners and relevant business networks, including the UN, UN Global Compact, WBCSD, The Climate Group, We Mean Business, SEforALL, on collective projects and initiatives to further advance those topics.

EDP continues to lead from the front as recognized from global indexes –we were ranked as the most sustainable electricity company in the world by the Dow Jones Sustainability Index² and yet again recognized as one of the most ethical companies in the world by the Ethisphere Institute.

¹ Intergovernmental Panel on Climate Change

² <https://www.spglobal.com/spdji/en/indices/esg/dow-jones-sustainability-world-index/#overview>

³ Science Based Targets Initiative

⁴ <https://www.bloomberg.com/gei/>

In April, we also became part of the S&P Global Clean Energy Index.

Environment

Our CO₂ emission reduction targets were recognized by The Science Based Target Initiative (SBTi) as in line with climate science requirements towards limiting global warming to 1.5°C.

In 2021, we reached 19.6 GW of renewable installed capacity corresponding to 80% of our total capacity. We also achieved 51% reductions in our scope 1 and 2 CO₂ specific emissions, and 30% reductions in our scope 3 CO₂ emissions, compared to 2015 levels. We continued to improve our energy efficiency products and services by offering decentralized PV solutions, electric charging points for E-mobility and helping companies capture opportunities powered by digitalization and technological advancements. Moreover, we continue to reduce our specific emissions throughout the years, with 2021 figure being strongly penalized by the hydro crisis in Brazil, which prompted a high utilization rate of Pecém thermal plant, dispatched by the Brazilian electricity system operator. Nevertheless we reiterate our commitment to achieve ~100 gCO₂/kWh in 2025.

In 2022, we will step up efforts to reduce scope 3 emissions in accordance with the latest scientific data, aligned with the recent SBTi³ Net Zero Standard.

Social

Our sustainability strategy is framed, by the UN's Sustainable Development Goals and is anchored on detailed policies and commitments. We continue to contribute to SDG7 - Access to Affordable, Reliable, Sustainable and Modern Energy for All. In addition to our "All Green" goal, we committed to closing all coal-fired power plants in Iberia by 2025 while seeking to support workers and communities.

We are also contributing to a greener future in regions affected by coal phase out through new investments aligned with the energy transition, namely green hydrogen.

EDP also started a program to ensure the engagement of direct suppliers with the goals of decarbonization, transparency and equality, while maintaining the objectives of guaranteeing respect and protection of fundamental human and labour rights. In 2021, despite our best efforts, we still faced 7 fatalities with contractors' workers. We deeply regret these fatalities and loss, and we continue to work hard to achieving zero occupational accidents, reinforced by the launch of the "PlayitSafe" program.

Further, we are also addressing the vulnerability of people and communities, through contributions to reducing energy poverty and investments in access to energy projects, mainly in Africa, having committed €22.5M until 2025.

Governance




In 2021, we also took steps to further streamline our governance structure, reaching 40% and 38% women representation at Executive Board of Directors (EBD) and General Supervisory Board levels, respectively, and making further efforts in the transparency of gender data reporting. We intend to continue leading by example and were pleased to once again be recognised by the Bloomberg Gender Equality Index⁴. EDP also renewed its EBD' Remuneration Policy, reinforcing ESG metrics on variable components.



Miguel Setas

Miguel Setas
Executive Board Member

ESG PERFORMANCE AT A GLANCE

INDICATOR	UNIT	2021	2020	Δ %	TARGET		
					2025	2030	
 ENVIRONMENT	Revenues aligned with EU taxonomy	%	63%	58%	+5p.p.	70%	>80%
	Scope 1 & 2 Emissions Intensity	gCO ₂ /kWh	176	156	13%	~100	0 ○
	Renewables Generation	%	75%	74%	+1p.p.	85%	100% ○
	Coal Installed Capacity	%	8%	8%	-0p.p.	0	0 ○
	Total Waste	kt	216	309	-30%	118	30
 SOCIAL	Employee Engagement (top tier company) ¹		X	✓		✓	✓
	Female Overall	%	27%	25%	+2p.p.	30%	35%
	Accident Frequency Rate ²	Fr	1.79	1.74	3%	1.55	<1
 GOVERNANCE	Female on Leadership	%	26.5%	24.6%	+2p.p.	30%	35%
	ESG & equity linked compensation for Top Management ³	.	✓	✓		✓	✓
	Cybersecurity	bitsight rating	790	800	-1%	Keep advanced ⁴	
	Top quartile in ESG rating Performance ⁵	.	✓	✓		✓	✓

Revenues aligned with the EU Taxonomy increased to 63% as we continue to accelerate growth and invest in the Energy Transition, with total Gross Investments increasing by 4% YoY, amounting to 3.9 billion euros in 2021, 95% of which in Renewables and Networks.

Renewables represented 75% of electricity generated by EDP in 2021, as we continue to ramp-up renewables deployment, with 2.6 GW of wind and solar capacity added in the last 12 months.

Specific CO₂ emissions increase in 2021 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.

Total waste decreased by 30% YoY, mainly explained by the reduction in activity in Portugal, due to Sines shutdown. This led to a total reduction of waste sent to final destination and also to a reduction in the volume of by-products.

Accident Frequency rate increased to 1.79 in 2021 (+3% YoY), in a very unfortunate year, in particular within our service providers. EDP continues determined to strengthen the culture of Occupational Health and Safety, having started in 2021 a new program, “Playitsafe”, to raise awareness of the importance of building and adopting safe habits at EDP.

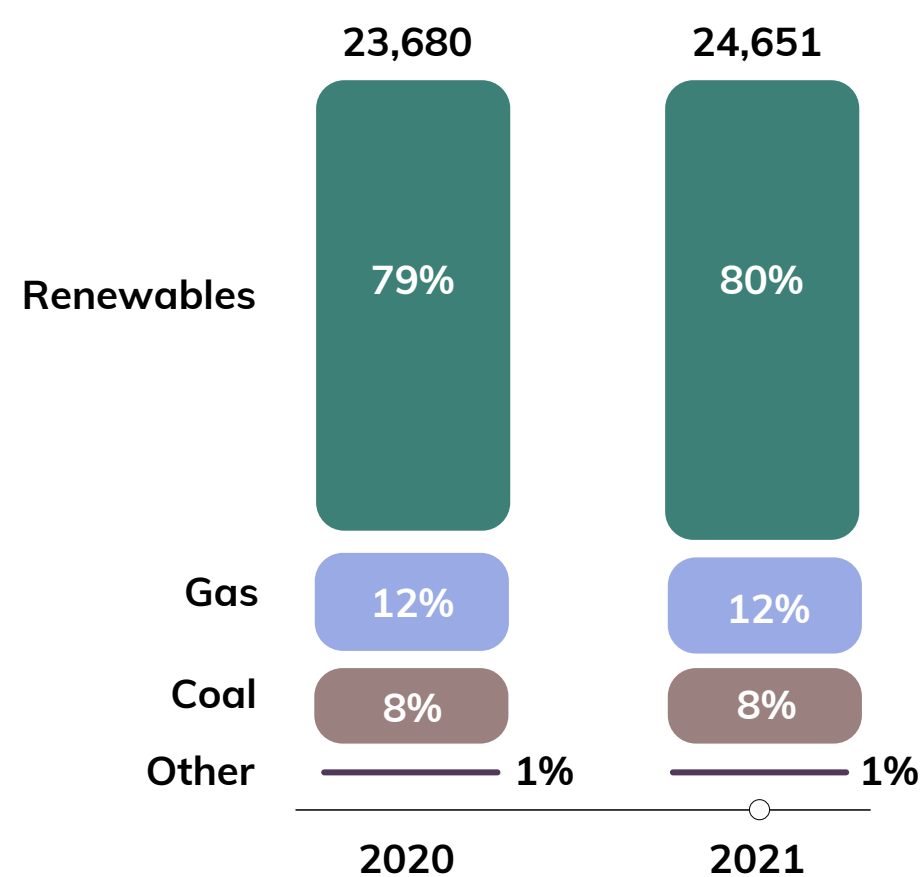
In 2021, **females representation stood at 27% of EDP’s workforce** representing 2p.p. increase versus 2021.

○ Sustainable Finance Disclosure Regulation (SFDR) Indicator

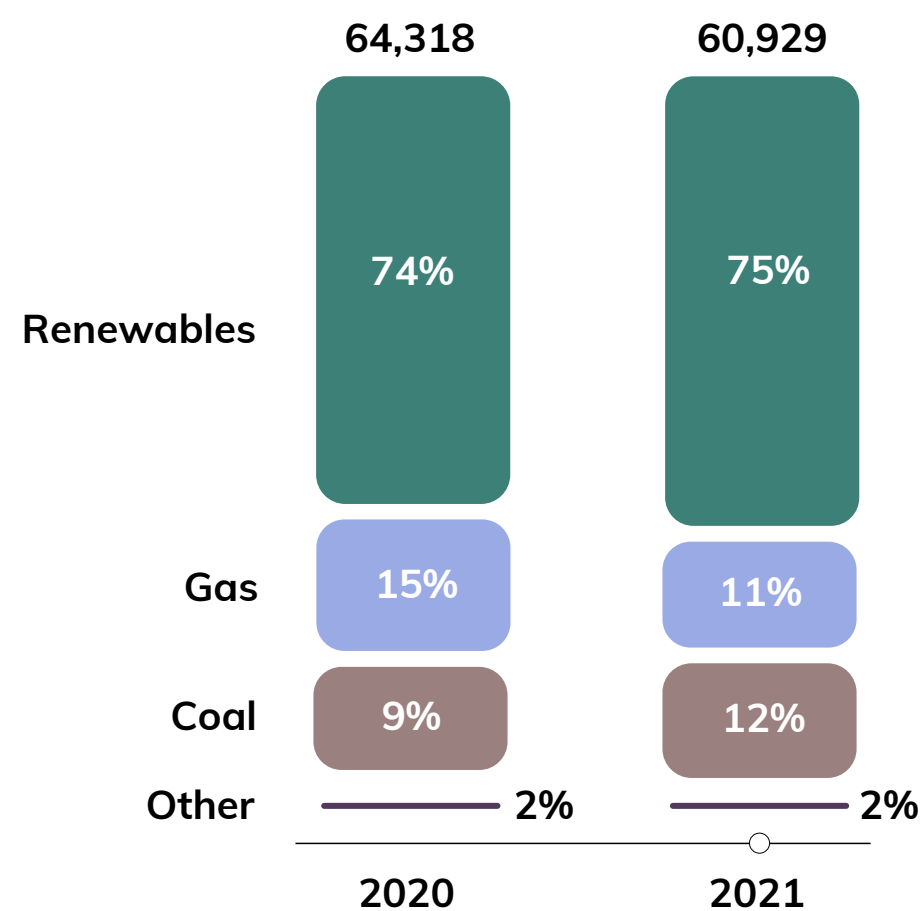
1. Above the high performing norm, including results of surveys done to more than 875,000 employees in 50 high performing organizations and is based on company financial performance and engagement and enablement scores. 2. Number of accidents at work with absence/fatalities, per million hours worked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

OPERATIONAL HIGHLIGHTS COMMITTED TO A RENEWABLES PATH

Installed Capacity (MW)^{1,2}



Electricity Generation (GWh)



Hydro Coefficient (%)	2021	2020	Δ %
Portugal	93%	97%	-4p.p.
Spain	90%	100%	-10p.p.
Brazil ³	72%	79%	-7p.p.
Renewables Index⁴ (%)	-4%	-5%	+0,4p.p.
Electricity distributed (GWh)	84 885	76 360	11%
Portugal	44 752	44 143	1%
Spain	14 117	7 559	87%
Brazil	26 016	24 658	6%
Customers connected (#th)	11 427	11 274	1%
Portugal	6 370	6 302	1%
Spain	1 376	1 371	0%
Brazil	3 680	3 601	2%
Total Energy consumption	38 432	39 407	-2%
Total Renewable consumption (GWh)	1 556	1 533	1%
Fuel	5	4	9%
Electricity	1 550	1 528	1%
Self-generated non-fuel renewable energy	1 494	1 478	1%
Total Non-Renewable consumption	36 876	37 874	-3%
Fuel	35 522	36 291	-2%
Electricity	1 355	1 583	-14%
Energy consumption intensity (MJ/€)	9	11	-19%

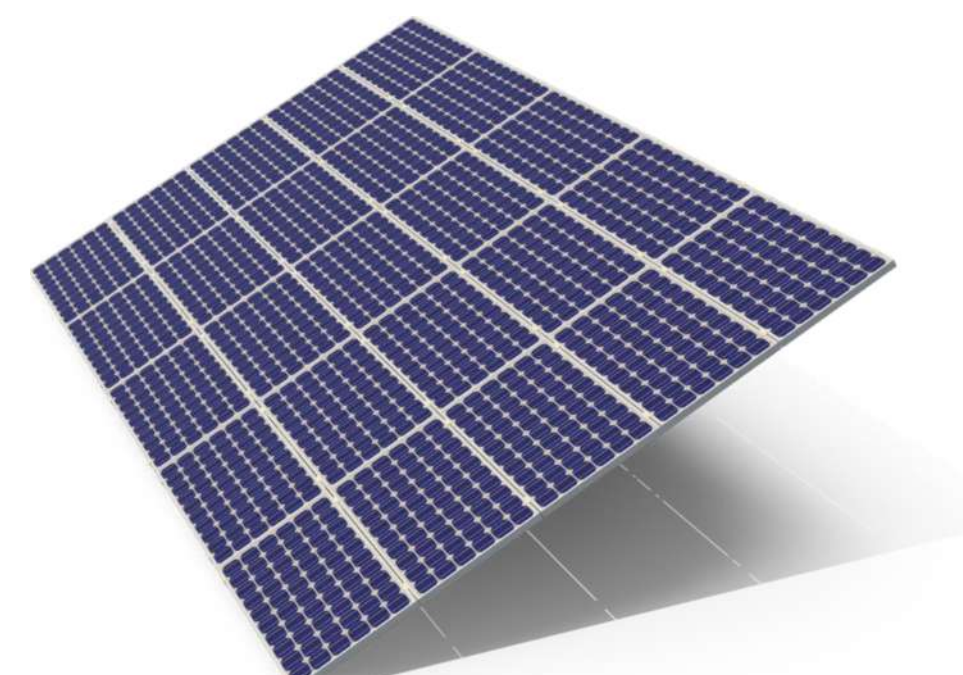
○ Sustainable Finance Disclosure Regulation (SFDR) Indicator

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

Energy efficiency	UNIT	2021	2020	Δ %
Energy Services Revenues / Turnover ¹	%	8.6%	8.5%	+0p.p.
Energy Efficiency Services Revenues	€ m	261	245	7%
Distributed solar				
Contracted capacity	MW	392	97	304%
Portugal	MW	76	53	44%
Spain	MW	42	15	185%
Brazil	MW	110	28	290%
US & Other	MW	164	1	-
E-mobility				
Light fleet electrification	%	13%	11%	+2p.p.
Electric charging points ²	#	3 804	1 811	110 %
Clients with electric mobility solutions	# th	43 500	18 747	132 %
Smart meters				
Iberia	# m	5.4	4.6	17%
Brazil	# m	0.3	0.2	99%
Electricity grid losses³				
Portugal	%	8.6%	9,0%	-0.3p.p.
Spain	%	4.7%	3.8%	+1p.p.
Brazil (São Paulo)	%	8.3%	8.6%	-0.3p.p.
Brazil (Espírito Santo)	%	12.4%	13.4%	-1p.p.
Customers with Sustainable Services⁴	%	16%	12%	+4p.p.
CO₂ savings downstream⁵	ktCO ₂	8 950	8 531	5%

1. Energy service: Services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company; 2. Includes public, private and charging points inside EDP facilities; 3. Based on electricity entered in the distribution grid 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 fossils with renewable energy sources or sustainable mobility;



ENVIRONMENTAL HIGHLIGHTS COMMITTED TO A CARBON-FREE ECONOMY

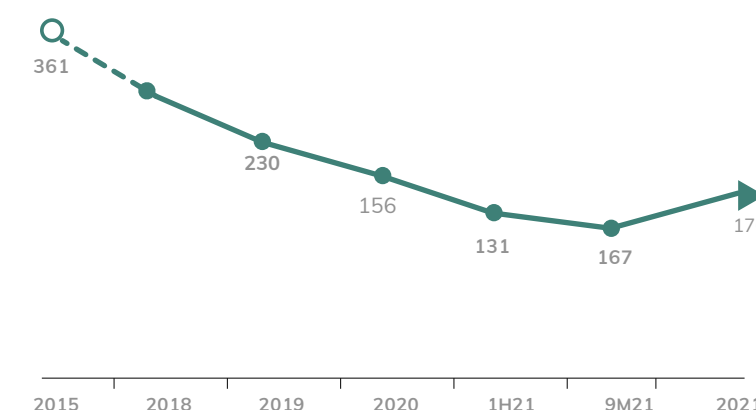
	2021	2020	Δ %
Greenhouse gas emissions (ktCO₂eq)			
Scope 1 & 2 Emissions Intensity (gCO ₂ /kWh)	176	156	13%
Scope 1 GHG Emissions	9 805	9 311	5%
Scope 2 GHG Emissions ¹	792	594	33%
Scope 3 GHG Emissions ²	10 304	11 572	-11%
Avoided emissions	23 752	25 167	-6%
Air quality (kt)			
NOx emissions	8.89	6.17	44%
SO ₂ emissions	12.14	8.23	48%
Particulate matter emissions	1.26	0.92	37%
Water management (10³m³)			
Total freshwater withdrawn	14 527	11 944	22%
Total freshwater consumed	13 045	10 252	27%
Coal & Waste management (t)			
Total waste disposal	173 769	174 594	0%
Total coal combustion waste disposal	28 843	18 774	54%
Average waste recovery rate (%)	83%	92%	-10p.p.
Hazardous waste	6 728	5 810	16%
Environmental matters (€ m)			
CAPEX	88.2	67.0	32%
OPEX	334.2	242,1	38%
Environmental fines and penalties (€ th)	40.1	10.7	275%
Vegetation management ³	18.0	16.4	10%
ISO 14001 Certification (%)	90%	94%	-4p.p.
Low carbon economy (%)			
EBITDA in Renewables	62%	66%	-5p.p.
CAPEX in Renewables	73%	73%	-0p.p.
Revenues from coal	7%	6%	+1p.p.
Revenues aligned with EU taxonomy ²	63%	58%	+5p.p.
CO ₂ / Revenues ⁴	0.71	0.80	-11%

○ Sustainable Finance Disclosure Regulation (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 (tCO₂eq) emissions, divided by revenues for the corresponding year, expressed in millions of euros.



-51% (vs. 2015) Scope 1 & 2 Emissions Intensity



Scope 1 & 2 Emissions Intensity



- 1,180 MW Coal Decommissioned YoY



63% Revenues aligned with EU taxonomy in 2021



FOR MORE INFORMATION PLEASE CHECK OUR BIODIVERSITY REPORT



SOCIAL HIGHLIGHTS COMMITTED TO PROVIDE A FAIR AND SAFE WORKPLACE

	UNIT	2021	2020	Δ %
Employment				
Employees	#	12 236	12 180	0%
Female employees	%	27%	25%	+2p.p.
Female/Male fixed salary	x	1.06	1.05	1%
Employee Engagement ¹	%	76%	80%	-4p.p.
Employee Enablement ¹	%	71%	74%	-3p.p.
Employee Turnover	%	12.6%	11.5%	+1p.p.
Absenteeism	%	2.7%	2.8%	-0p.p.
Disability Hires	%	25	0	-



30% female employees by 2025

Training				
Total hours of training	h	337295	273 873	23%
Employees with training	%	100%	100%	-
Direct training investment	€ th	3 704	3 250	14%



Top Tier Company in Employee Engagement

Health and Safety				
Accidents with lost workdays EDP	#	21	17	24%
Accidents with lost workdays contractors ³	#	132	115	15%
Fatal work-related injuries EDP	#	0	0	-
Fatal work-related injuries contractors	#	7	3	133%
Frequency rate EDP	Fr	0.92	0.77	19%
Frequency rate contractors	Fr	2.09	2.12	-1%
Total recordable injury rate	RFr	2.45	2.37	3%
Total recordable injury rate EDP	RFr	1.4	1.04	35%
Total recordable injury rate contractors	RFr	2.82	2.90	-3%

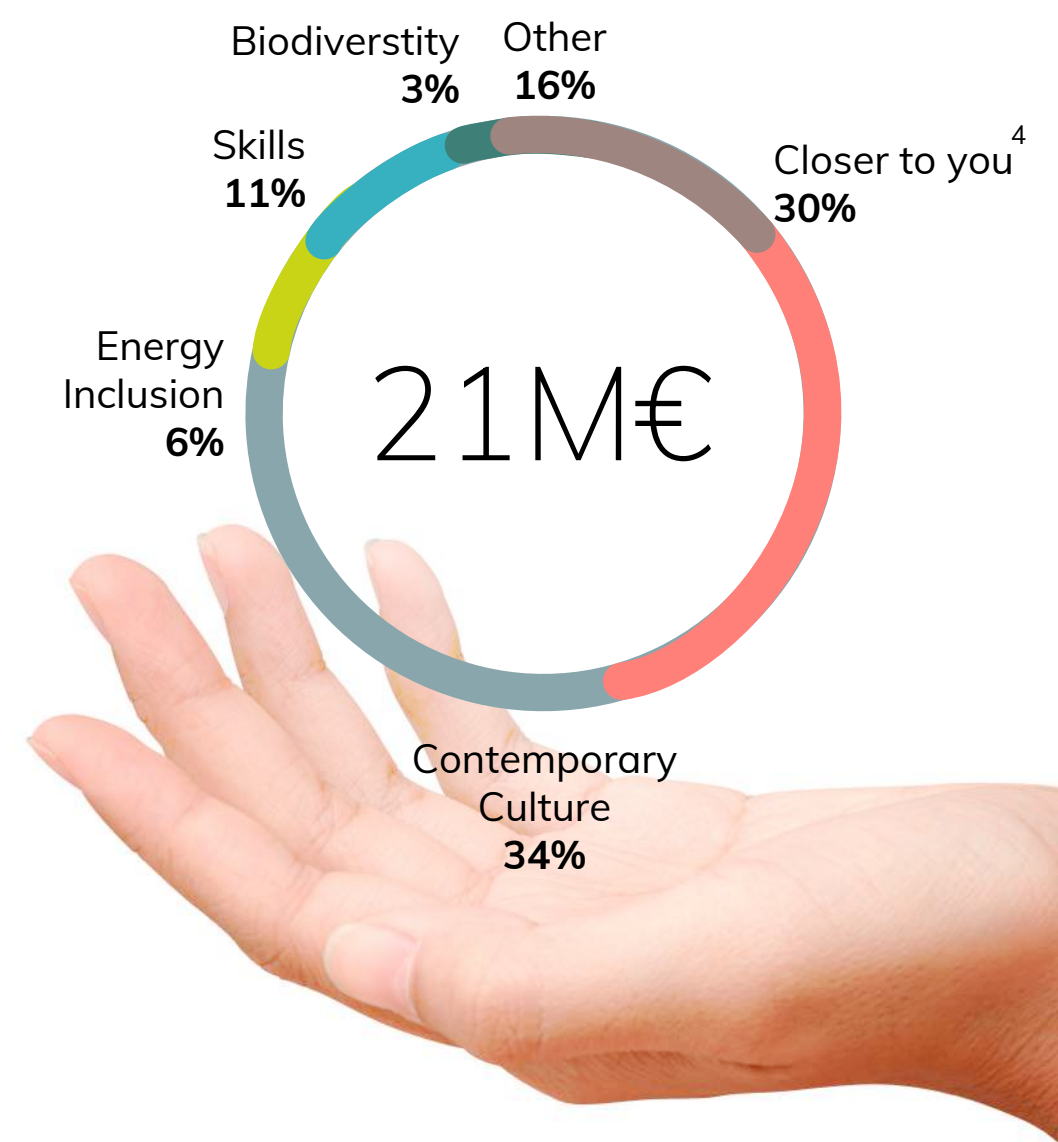


Accident Frequency Rate <1

Social Investment				
Beneficiary Entities	#	994	1051	-5%
EDP volunteers	#	3 681	2 482	48%
EDP time used in volunteering	h	11 307	14 457	-22%
Total Investment	€ th	21 275	20 654	3%



Social Investment €100M by 2030



○ Sustainable Finance Disclosure Regulation (SFDR) Indicator

1. For 2020, number of employees including Viesgo, all other employment figures do not include Viesgo. 2. Engagement - reflects the involvement and commitment by employees; Enablement - reflects the the perception of organizational support by employees. 3. Accidents occurred at the place and working time or on a journey, with 1 or more days of absence and fatal accidents. 4. With Closer to you Programme EDP, aims to support the most disadvantaged groups in the communities. For more information please see our Sustainability Report.

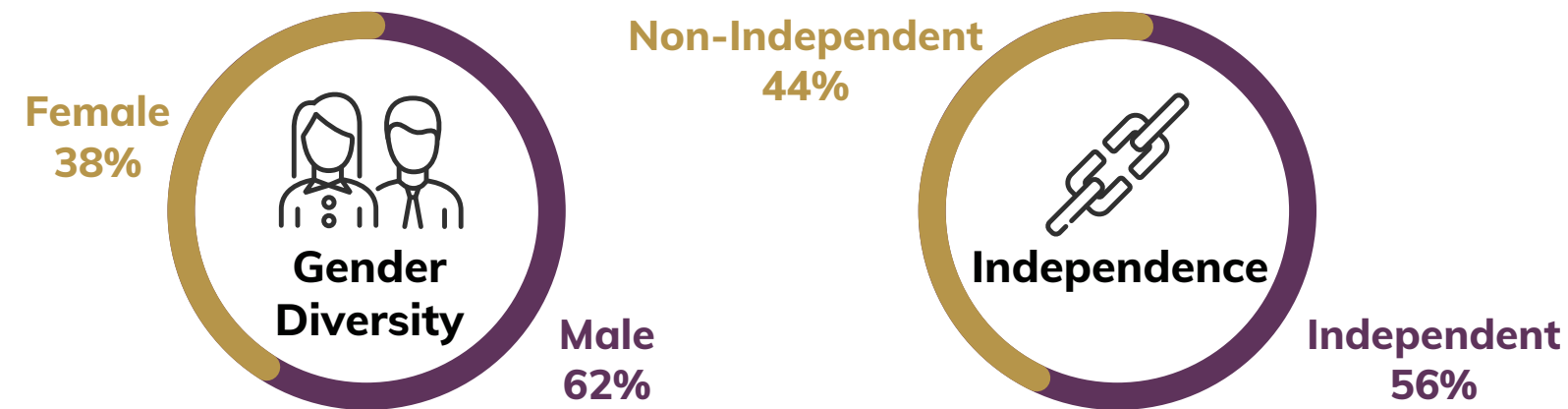
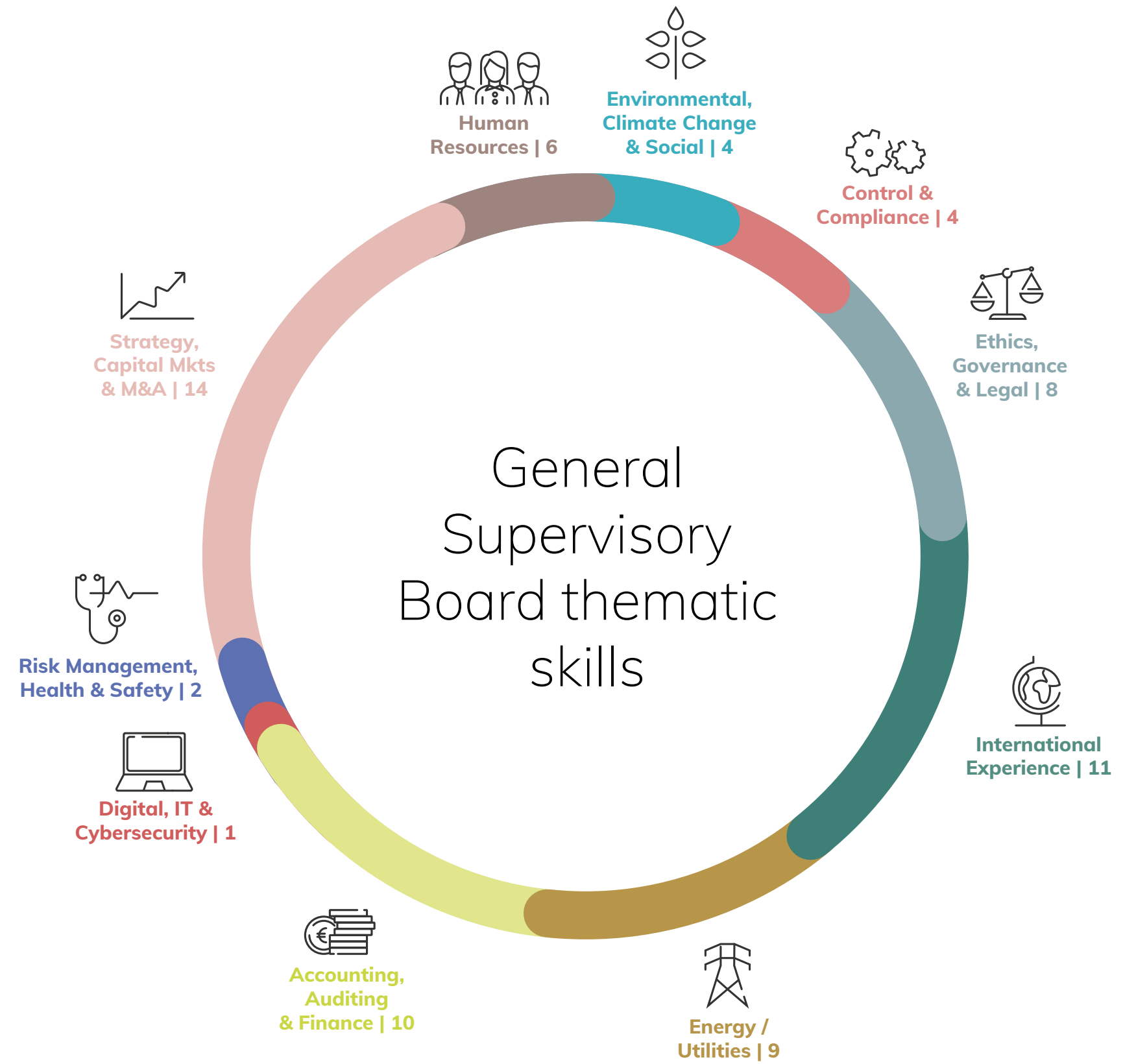
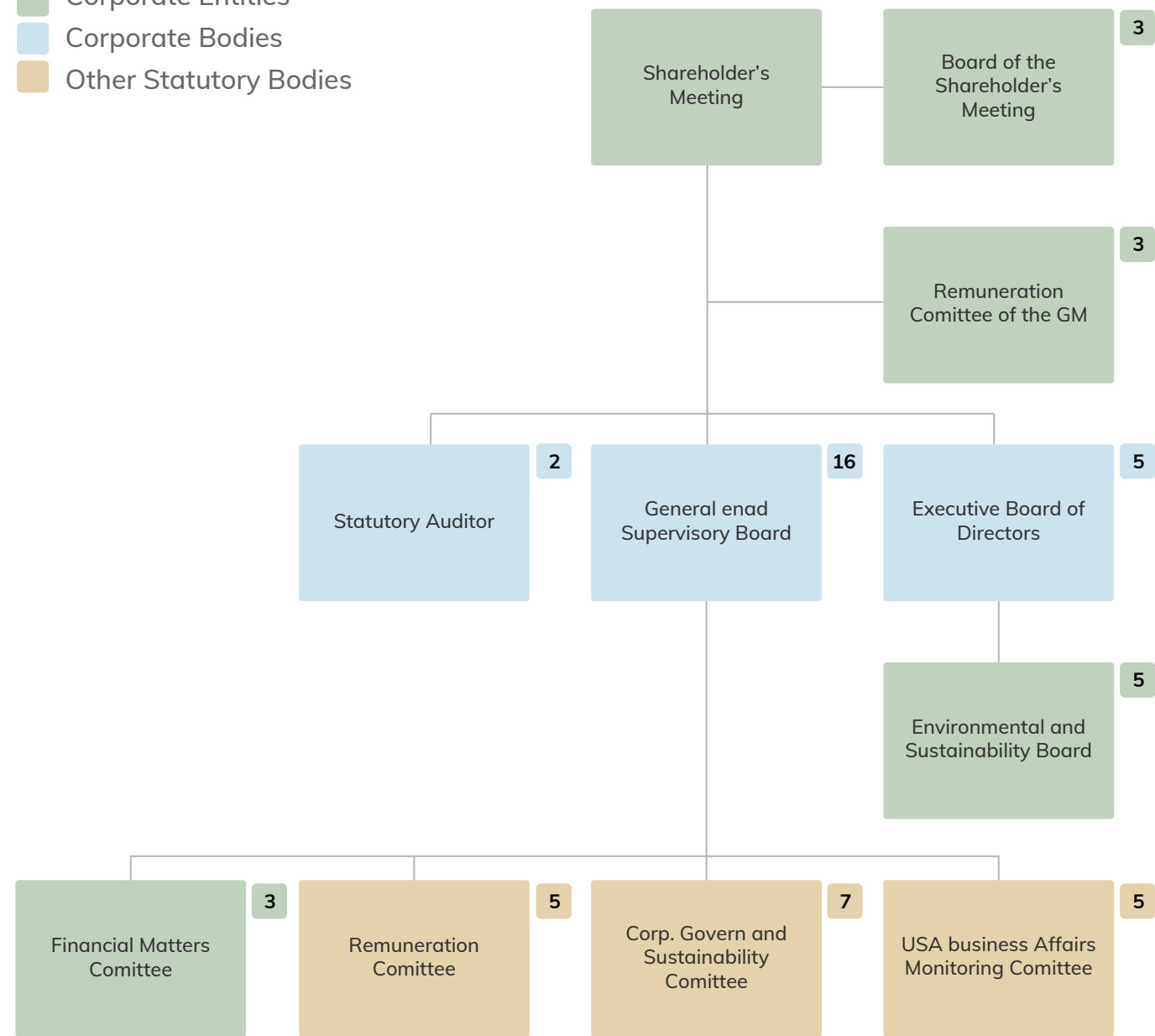
GOVERNANCE HIGHLIGHTS COMMITTED TO THE BEST PRACTICES

General and Supervisory Board

Approved on the General Shareholders' Meeting on the 14th 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

i ELECTION OF THE MEMBERS OF THE GSB (1/2)

i ELECTION OF THE MEMBERS OF THE GSB (2/2)

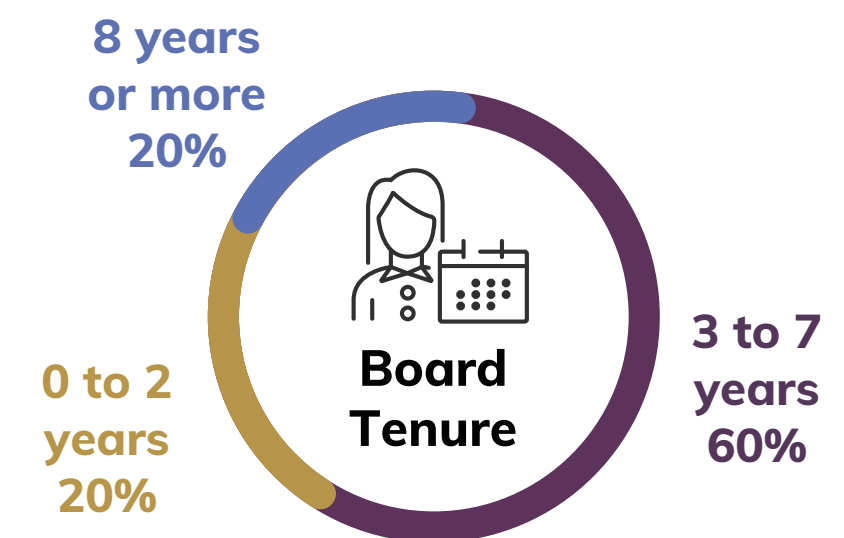
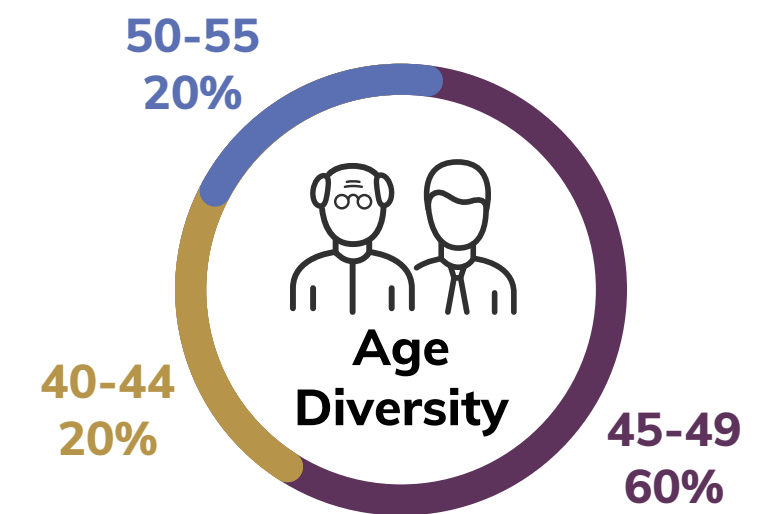
i ANNUAL REPORT OF THE GSB

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

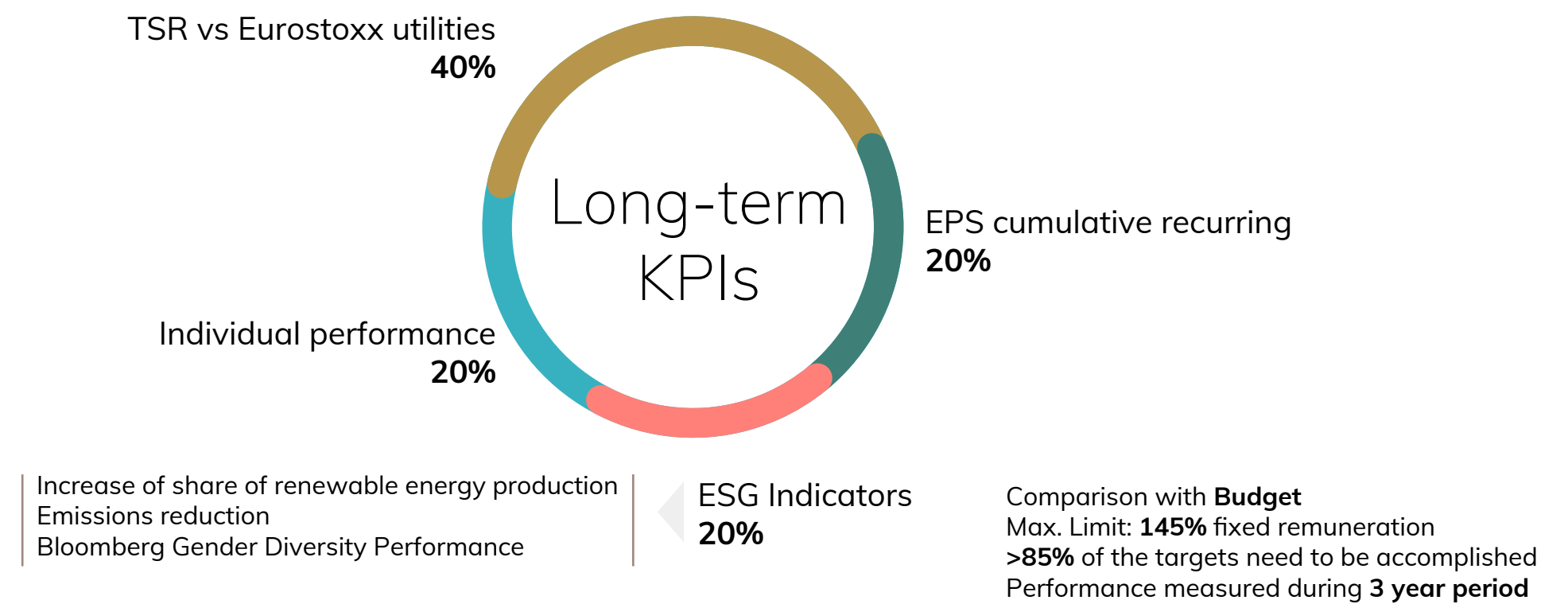
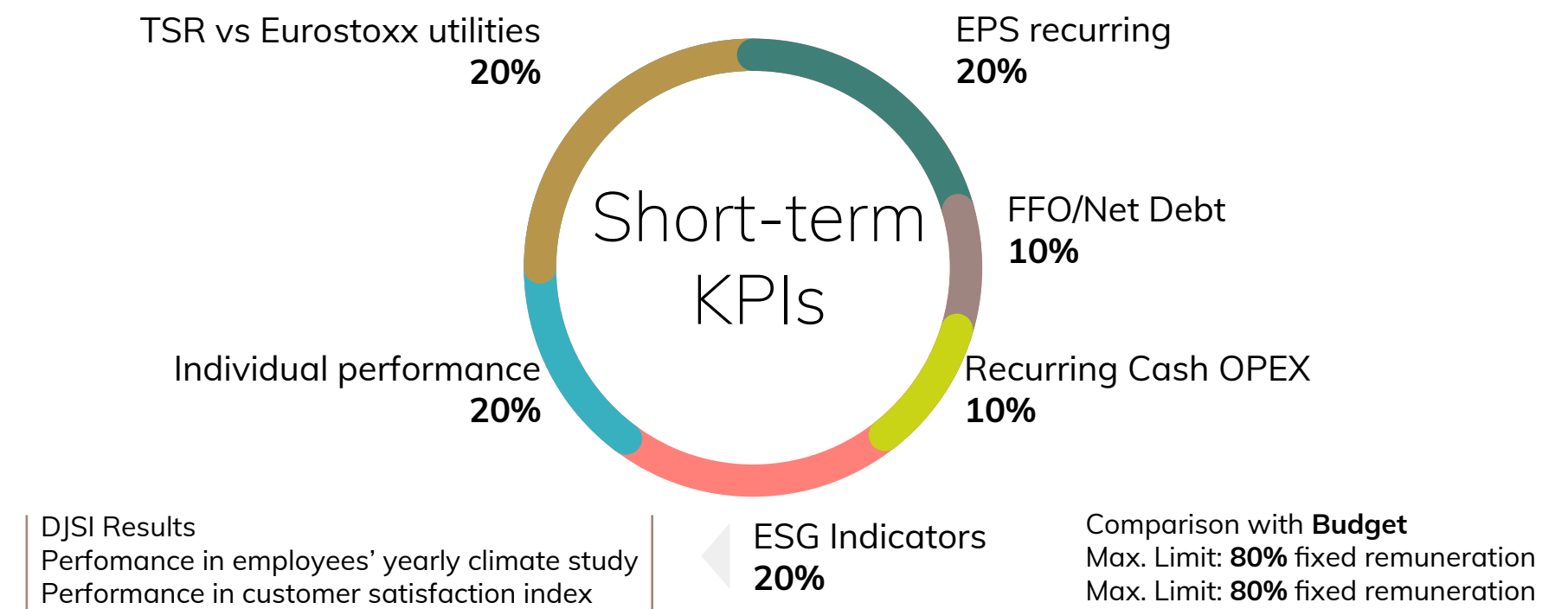
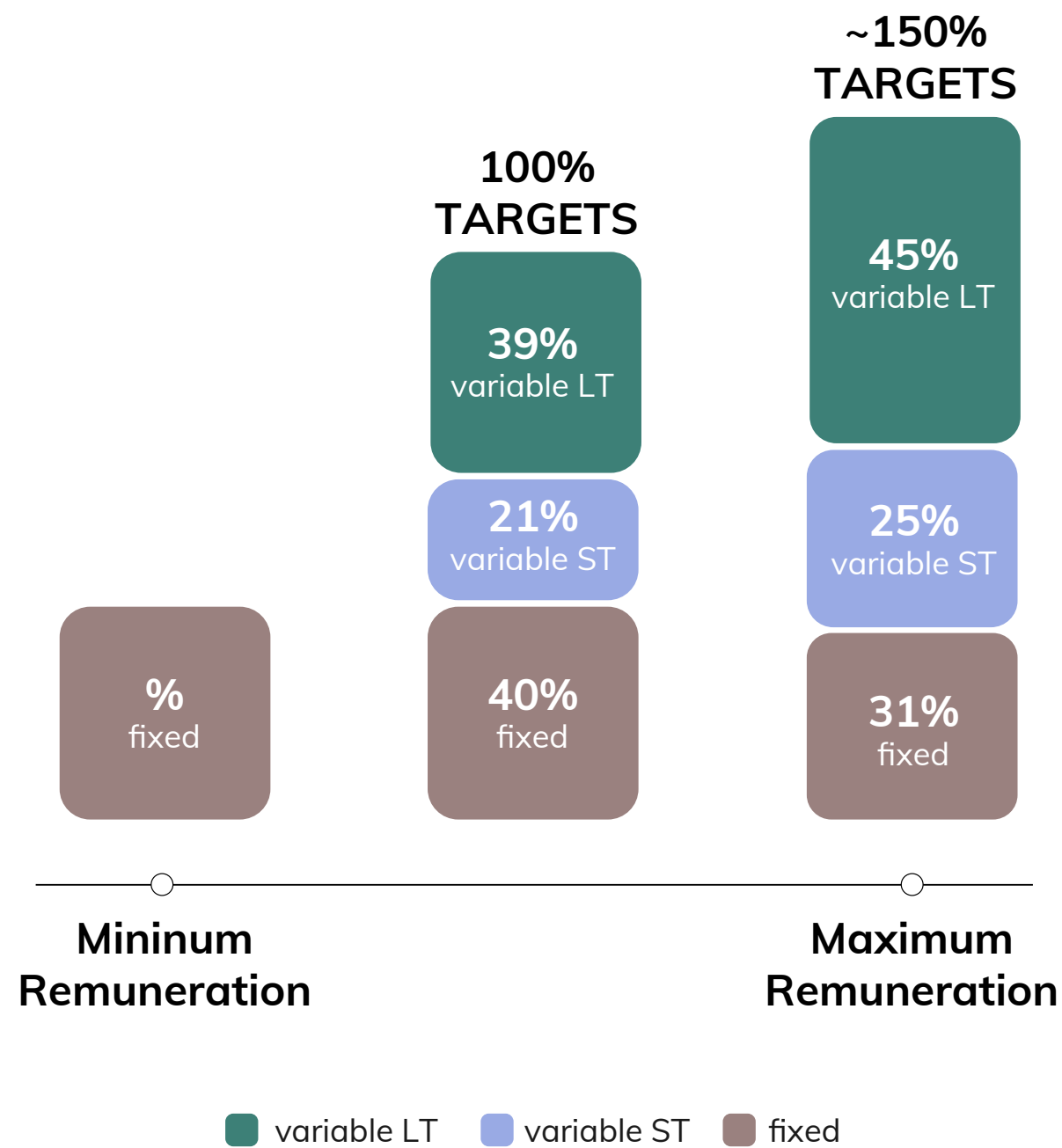


i ELECTION OF THE MEMBERS OF THE EBD

GOVERNANCE HIGHLIGHTS OVERVIEW OF THE REMUNERATION POLICY

New Remuneration Policy aligned with Best Practices

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



CODE OF ETHICS

CORPORATE GOVERNANCE

EBD REMUNERATION POLICY 2021 - 2023

DIGITALIZATION & INNOVATION HIGHLIGHTS COMMITTED TO DRIVE TRANSFORMATION

DIGITALIZATION

			UNIT	2021	2020	Δ %
Global	Global	Digital CAPEX	€ m	229	216	6%
		Cybersecurity	bitsight rating	790	800	-1%
Digital Business	Customer	Selfcare Interactions ¹	%	80%	56%	+24p.p.
		Electronic Invoices ¹	%	39%	47%	-8p.p.
	Assets & Operations Enterprise	Predictive Maintenance ^{1,2}	%	64%	79%	-15p.p.
		Digitalized Processes ¹	%	84%	85%	-0p.p.
Digital Enablers	Data & Technology	Systems in the cloud ¹	%	43%	47%	-4p.p.
	People & Organization	Employees w/ digital training ¹	%	84%	86%	-2p.p.
		Employees in Collaborative Initiatives ¹	%	25%	15%	+1p.p.

INNOVATION









Innovation Team	Total investment (TOTEX) ³	€ Mn	96	50	92%
	Employees ³	#FTE	321	239	34%
Investment Portfolio	Ongoing investments VC	#	38	31	23%
	VC investment	€ Mn	7,2	3,8	87%
	VC investment cumulative ⁴	€ Mn	39,5	32,5	21%



EDP is a partner within a consortium which is working on a R&D project called ATLANTIS. The project aims at fostering the use of robotic assets in the offshore wind energy supply chain, by demonstrating their benefits in terms of improving the efficiency of O&M activities by reducing their cost while de-risking interventions. ATLANTIS technologies allow for more accurate and faster activities with consequent lower downtimes and loss of profitability. The development and integration of the ATLANTIS' approach into operating offshore wind farms could bring a general reduction of O&M costs up to 10% and consequently a LCoE reduction estimated in the range of up to 2%. EDP will coordinate the demonstrations in Windfloat Atlantic wind farm. Mooring lines and the structure will be inspected by the ATLANTIS robots to detect cracks and defects which represent one of the major concerns and which nowadays are spotted by divers.

1. Changes in scope of reporting limits comparability; 2. 2020 Conventional Generation (PT & SP); 2021 Generation (PT & SP), EDPR & EDP Brasil; 3. Excluding Brazil in 2020; 4. Net of disinvestments;

ESG RATINGS COMMITTED TO EXCELLENCE


RATER	RANGE	SCORE	RANKING	LAST ASSESSMENT
 <p>Member of Dow Jones Sustainability Indices¹ Powered by the S&P Global CSA</p>	0/100	91	1 st	Nov-21
 <p>FTSE4Good</p>	0/5		Top 6%	
 <p>EURONEXT¹ V.E. INDICES</p>	0/100	71	3 rd	Sep-20
 <p>Corporate ESG Performance ISS ESG Prime</p>	D ⁻ -A ⁺	B+	n.a.	Dec-21
 <p>SUSTAINALYTICS² a Morningstar company</p>	100-0	19,4	n.a.	Dec-21
 <p>MSCI ESG RATINGS AAA</p>	CCC-AAA	AAA	Top 7%	Apr-21
 <p>CDP A LIST 2020 CLIMATE</p>	D ⁻ -A ⁺	A-	n.a.	Dec-21
 <p>CDP A LIST 2020 WATER</p>	D ⁻ -A ⁺	A-	n.a.	Dec-21




EDPR North America has been recognized as a 2021 Top Workplace USA!



✓ 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](#)

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).