

Water Disclosure Project 2015

Information Request

W0.1 Please give a **general description** and introduction to your **organization**.

EDP responds to the Water Disclosure Project since 2010. This activity has enabled us to streamline the available data and reflect upon our water management strategy, targets and projects.

We attach a pdf file in order to provide a friendlier working version. Please feel free to give us your feedback on any issue (luisa.serra@edp.pt).

Following our full disclosure policy, all information about Energias de Portugal (EDP) can be accessed in www.edp.pt. In addition EDP strongly recommends the consultation of the 2014 Annual Report.

EDP has a relevant presence in the world energy outlook, being present in 14 countries, with more than 9.7 million electricity customers and 1.3 million gas customers and almost 12,000 employees around the world. On December 31, 2014, EDP had an installed capacity of 22,5GW, generating 60.2TWh, of which 73% comes from renewable sources.

EDP is a vertically integrated utility company. It is the largest generator, distributor and supplier of electricity in Portugal, the third largest electricity generation company in the Iberian Peninsula and one of the largest gas distributors in the Iberian Peninsula.

EDP is one of the largest wind power operators worldwide with facilities for energy generation in the Iberian Peninsula, the United States, Canada, Brazil, France, Belgium, Italy, Poland and Romania and is developing wind projects in the United Kingdom and Mexico. Additionally, EDP generates solar photovoltaic energy in Portugal, Romania and the United States. In Brazil, EDP is the fourth largest private operator in electricity generation, has 2 electricity distribution concessions and is the third largest private supplier in the liberalized market.

2014 in short figures:

Turnover	16,294 M€
Gross Operating Profit	3,642 M€
Net profit	1,264 M€
Employees	12,179
Net assets	42,873 M€
Equity	11,969 M€
Net debt	17,042 M€
ISIN	PTEDP0AM0009
SEDOL	4103596

EDP's vision is to be a global energy providing company, leader in creating value, innovation and sustainability.

EDP's values are: initiative, innovation, trust, excellence and sustainability.

EDP is strongly committed with Sustainability, People, Results and Clients.

In what regards Climate Change EDP is committed to reduce in a sustainable manner the specific greenhouse gas emissions of the energy it produces. EDP is also committed to promote energy efficiency and the access to energy.

W0.2 Please state the **start** and **end** date of the year for which you are **reporting data**.

From: 01.01.2014	To: 31.12.2014
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W0.3 Please indicate the category that describes the **reporting boundary** for companies, entities or groups for which water impacts are reported.

Companies, entities or groups over which financial control is exercised.
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W0.4 **Exclusions:** Are there any geographies, facilities or types of water inputs/outputs within this boundary of which are not included in your disclosure?

No.

W1 Context

W1.1 Please rate the importance (current and future) of water quality and water quantity to the success of your organization

Water quality and quantity	Direct use Importance rating	Indirect use Importance rating	Please explain
Direct use: sufficient amounts of good quality freshwater available for use	Vital for operations	Important	<p>Direct use: EDP uses a considerable volume of water, and consumes a residual volume of water.</p> <p>Water is used mostly in the hydro turbines of hydropower plants. Water is consumed mostly by evaporation in cooling towers.</p> <p>In both cases water should have a very good quality; otherwise it would cause damage in equipments.</p> <p>Water is also used in make-up water. This must have very high quality water in order to decrease water treatment costs.</p> <p>Indirect use: EDP uses coal and gas as prime fossil energy sources. Both fuels consume water in their extraction and transport.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not important at all	Not important at all	Recycled water is not a critical input for EDP.

W1.2 For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not

Water aspect	% of sites/ facilities/ operations	Please explain
Water withdrawals – total volumes	76-100	<p>The EDP Group has 82% and 29% of net installed capacity in Portugal and Spain, respectively, covered by EMAS system registration. EDP Group has also 96% of global installed net capacity under ISO 14001 certification.</p> <p>This certifications aim the continuous improvement of natural resource use and/or the decrease of the company's impact in the environment. Water is included in both approaches.</p> <p>Values fully audited by KPMG -standard ISAE 3000.</p>
Water withdrawals – volume by sources	76-100	<p>The EDP Group has 82% and 29% of net installed capacity in Portugal and Spain, respectively, covered by EMAS system registration. EDP Group has also 96% of global installed net capacity under ISO 14001 certification.</p> <p>This certifications aim the continuous improvement of natural resource use and/or the decrease of the company's impact in the environment. Water is included in both approaches.</p> <p>Values fully audited by KPMG -standard ISAE 3000.</p>
Water discharges – total volumes	76-100	<p>The EDP Group has 82% and 29% of net installed capacity in Portugal and Spain, respectively, covered by EMAS system registration. EDP Group has also 96% of global installed net capacity under ISO 14001 certification.</p> <p>This certifications aim the continuous improvement of natural resource use and/or the decrease of the company's impact in the environment. Water is included in both approaches.</p> <p>Values fully audited by KPMG -standard ISAE 3000.</p>
Water discharges – volume by destination	76-100	Values fully audited by KPMG -standard ISAE 3000.
Water discharges – volume by treatment method	76-100	Values fully audited by KPMG -standard ISAE 3000.
Water discharge quality data – quality by standard effluent parameters	76-100	<p>In all geographies EDP complies with strict discharging regulations and all water discharge quality is monitored</p> <p>Values fully audited by KPMG -standard ISAE 3000.</p>
Water consumption – total volume	76-100	<p>The EDP Group has 82% and 29% of net installed capacity in Portugal and Spain, respectively, covered by EMAS system registration. EDP Group has also 96% of global installed net capacity under ISO 14001 certification.</p> <p>This certifications aim the continuous improvement of natural resource use and/or the decrease of the company's impact in the environment. Water is included in both approaches.</p> <p>Values fully audited by KPMG -standard ISAE 3000.</p>
Facilities providing fully-functioning WASH services to all workers	76-100	All workers of EDP's facilities have access to water supply adequate sanitation and hygiene. EDP abides by the OHSAS 18001:2007 as well as local work regulations.

W1.2a Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations

Source	Quantity (megaliters/year)	Total water withdrawals for this source vs. reporting year?	Comment
Fresh surface water	16 602	Higher	In 2013 this value was 16 277 MI/year. There was an increase of 2% due to change in physical operations.
Brackish surface water/seawater	1 612 252	Higher	In 2013 this value was 1 586 479 MI/year. There was an increase of 2% due to change in physical operations at Sines Power plant.
Rainwater	0	Not applicable	Not applicable
Groundwater - renewable	0	Not applicable	Not applicable
Groundwater – non-renewable	109	Much lower	In 2013 this value was 163 MI/year. There was a decrease of 33% due to change in physical operations.
Produced/process water	0	Not applicable	Not applicable
Municipal supply	4 611	Lower	In 2013 this value was 5 556 MI/year. There was a decrease of 17% due to change in physical operations.
Wastewater from another organization	0	Not applicable	Not applicable
Total	1 633 574	About the same	Although some of the items have reasonable variations, the total stays about the same value. In 2013 this value was 1 609 453MI/year. There was a slight change of 1%.

W1.2b Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations

Destination	Quantity (megaliters/year)	Total water discharged to this destination vs. last reporting year?	Comment
Fresh surface water	7 350	Higher	In 2013 this value was 6 441 MI/year. There was an increase of 14% due to change in physical operations.
Brackish surface water/seawater	1 613 846	About the same	In 2013 this value was 1 588 206 MI/year. There was a slight decrease of 2% due to change in physical operations.
Groundwater		Not applicable	Not applicable
Municipal treatment plant	5	Much lower	In 2013 this value was 16 MI/year. There was a decrease of 71%. This is the only non-audited value due to its relative immateriality.
Total	1 621 201	About the same	In 2013 this value was 5 556 MI/year. There was a decrease of 17% due to change in physical operations.

W1.2c Water consumption: for the reporting year, please provide total water consumption data, across your operations

Consumption (megaliters/year)	Consumption figure vs. last reporting year?	Comment
1 633 574	About the same	Although some of the items have reasonable variations, the total stays about the same value. In 2013 this value was 1 609 453MI/year. There was a slight change of 1%.

W1. Supplier reporting

W1.3 Do you request your suppliers to report on their water use, risks and/or management?

Yes.

W1.3a Please provide the proportion of key suppliers you require to report on their water use, risks and management and the proportion of your procurement spend this represents

Proportion suppliers %	Total procurement spend %	Please explain
10%	50%	<p>The 10% suppliers included in the screening are the strategic ones. EDP uses the Achilles database that contains sustainability data such as supplier environmental certification (includes water management). Suppliers in Achilles database: 2 506 - 50% purchase volume. 667 are 14.001 certified - 24% purchase's volume.</p> <p>EDP also developed a supplier's risk matrix to access sustainability risks, among others: "operation in water stress area" and "emission of polluting liquid effluents".</p> <p>In 2013 EDP joined the Bettercoal initiative that associates 12 European's companies aiming to improve sustainability in coal supply chain. Coal has been identified by utilities as a critical supplier with medium/high ESG's risks manly on water/biodiversity issues and on human rights. 2014 has been the first full working year and the members promoted due diligences and self-assessments directly in coal mines. Members agreed to include Bettercoal Code in acquisition contracts and have specified KPIs</p> <p>In 2012 EDP established the Corporate Water Management WG that is assessing water risk in operations and in the supply chain, among other activities.</p>

W1.4 Has your organization experienced any detrimental impacts related to water in the reporting period?

No.

W2. Procedures and requirements

W2.1 Does your organization undertake a water-related risk assessment?

Yes.

W2.2 Please select the options that best describe your procedures with regard to assessing water risks

Risk assessment procedure	Coverage	Scale	Please explain
Comprehensive company-wide risk assessment	Direct operations and supply chain	All facilities and some suppliers	<p>Water is an essential resource for EDP's business. EDP uses a large quantity of water, but does not consume it. The water is returned to its source in thermal power plants and to a lower height in hydro ones.</p> <p>Aware of water management importance EDP has a Corporate water management Policy, which applies to the whole organization and aims the water sustainable management.</p> <p>Water risks are also followed in the comprehensive company-wide risk management, in which the Executive Board is responsible for the Risk Management Policy and decides upon risk appetite, overall limits and management. The Corporate Risk Management Dep and the Corporate Sustainability Dep. are responsible for water risk assessment, key indicators, specific water risks evaluation. The global risk map was updated in 2014, and fully comprised water issues.</p> <p>Corporate risk management encompasses Strategic, Business, Market, Operational, Credit and Regulatory Risks. Water risks are dealt within the Strategic and Operational categories.</p> <p>The water risk assessment encompasses direct operations and supply chain.</p>

W2.3 Please state how frequently you undertake water risk assessments, what geographical scale and how far into the future you consider risks for each assessment

Frequency	Geographic scale	Timeframe	Comment
Annually	Region	> 6 years	EDP has a Corporate water management Policy, which applies to the whole organization and aims the water sustainable management. EDP has a working group to assess and manage water risks. The WG includes: generation, Distribution, corporate sustainability and corporate risk. Water risk is considered a key risk and it is included in the company risk map. The time frame is the medium/long term, when the main changes in water availability and quality will most probably occur.
Sporadically not defined	Facility	> 6 years	In some cases a narrower risk analysis is made to guarantee the resilience of key assets to water related risks. For these the analyses unit is the facility and the time frame is always the medium/long term since the main changes in water availability and quality will most probably occur in this time frame.
Annually	BU	3 to 6 years	Business units impacted, direct or indirectly, by water risk, mainly generation and distribution. Near, medium and far future, based on the materiality of their impact in EDP's business Mainly operational risks, like damages related with flooding, delays in plant commissioning and water quality decrease
Annually	Country	1 to 3 years	Hydro volatility is analyzed within all EDP Group, evaluating the impact of extreme weather conditions (wet and dry hydrological years). In Iberia and Brazil the impact is direct. In EDPR the impact results not only from the high correlation between hydro and wind, but also from the impact that hydro generation have in market electricity price Creation of scenario analysis, considering possible regulatory changes that may affect EDP Group.

W2.4 Have you evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy?

Yes.

W2.4a Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization's growth strategy? [maximum 2400 characters]

EDP is concerned with water availability for its operations and supply chain, but EDP is also concerned with the impact of its operations and supply chain on water. To address these issues EDP:

- (1) Adopted a EDP has a Corporate water management Policy
- (2) created a corporate water management working Group

(3) created a working group on water risks management

(4) has calculated for the first time its water footprint in 2014 and has evaluated also its virtual water EDP calculated its water footprint in 2014, obtaining the following values, 804hm³/year for 2014, while in 2013 it registered 944hm³/year. Consequently EDP has identified key process in the supply chain and in operations exposed to water risks. Actions were taken to mitigate them.

EDP has also been developing an analysis of the risk linked to water management, having assessed its exposure to the risk of shortages and competing uses.

As part of the adequate management of water resources, EDP has been monitoring potential scarcity, checking the quality of water and sediments, checking the impact of the activity on fish fauna, taking action to transport fish, supporting scientific research on the ecological flows and biodiversity.

EDP has also evaluated the impact of hydro volatility risk in its portfolio generation and in EDP Group. This was done using in-house risk models

EDP has also developed scenario analysis to assess the impact of new hydro plants in different geographies to evaluate the impact of new hydro generation unit(s) in EDP Group. These scenarios consider risk increase due to new geographies entrance - political and exchange rate risks- and its diversification effect in the actual EDP portfolio, due to the different hydro regimes.

All the risks assessed have allowed EDP to implement mitigation measures. Example: in Brazil, in the region of the hydroelectric power station Luís Eduardo Magalhães (Tocantins) this year was characterized by weak inflows which led to a high rate of fish mortality due to fish retention in puddles created by the reduced river flow. As a corrective measure, a dam shall be installed downstream in order to regulate the water level.

W2.5 Please select the methods used to assess water risks

Method	Please explain how these methods are used in your risk assessment
Internal company knowledge Life Cycle Assessment Water Footprint Network WBCSD Global Water Tool WRI water stress definition	EDP has developed several internal models: (1) A corporate business risk model that evaluates how hydro volatility risk impacts EDP's different business units. The model replicates EDP business and uses Monte Carlo simulation to evaluate, among other, hydro risk. (2) Water map risk model – A Model that aggregates all identified key water risks. All risks are aggregated taking into account their expected frequency and impact and applying Monte Carlo simulation, in the short and long term. The Life Cycle Assessment was used together with the Water Footprint Network guidelines to calculate the water footprint. The WBCSD Global water tool was used to identify if any EDP assets are exposed to water stress. They are not. The Corporate Risk and the Sustainability Departments continuously follow water related risks, identifying emerging issues, working together in risk assessment and participating in public consultations regarding water issues. In 2012 EDP established the Corporate Water Management Working Group that is assessing water risk in operations and in the value chain.

W2.6 Which of the following contextual issues are always factored into your organization's water risk assessments?

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	Current water availability was assessed by: (1) The corporate business risk model (2) The WBCSD Global water tool (3) the Corporate Water Management WG
Current water regulatory frameworks and tariffs at a local level	Relevant, included	The current regulation impact is assessed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Corporate Water Management WG
Current stakeholder conflicts concerning water resources at a local level	Relevant, included	Current Stakeholder conflicts impact is assessed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Corporate Water Management WG
Current implications of water on your key commodities/raw materials	Relevant, included	The current impacts of water on key commodities is managed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Water map risk model (4) The Life Cycle Assessment and Water Footprint Network guidelines (5) The WBCSD Global water tool (6) the Corporate Water Management WG
Current status of ecosystems and habitats at a local level	Relevant, included	This risk is followed in the Corporate Water Management WG and it is managed mostly by the generation Business Units.
Current river basin management plans	Relevant, included	This risk is managed: (1) in the Corporate Water Management WG (2) mostly by the generation Business Units (3) by the Corporate Sustainability Department
Current access to fully-functioning WASH services for all employees	Relevant, included	All workers of EDP's facilities have access to water supply adequate sanitation and hygiene. EDP abides by the OHSAS 18001:2007 as well as local work regulations.
Estimates of future changes in water availability at a local level	Relevant, included	This risk is managed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Water map risk model (4) The Life Cycle Assessment and Water Footprint Network guidelines (5) The WBCSD Global water tool (6) the Corporate Water Management WG The corporate business risk model the impact of hydro volatility in EDP Group EBITDA, in the short and long term
Estimates of future potential regulatory changes at a local level	Relevant, included	This risk is managed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Water map risk model (4) The Life Cycle Assessment and Water Footprint Network guidelines (5) The WBCSD Global water tool (6) the Corporate Water Management WG

		The corporate business risk model the impact of future potential regulatory changes EDP Group EBITDA, in the short and long term
Estimates of future potential stakeholder conflicts at a local level	Relevant, included	Future Stakeholder conflicts impact is assessed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Corporate Water Management WG
Estimates of future implications of water on your key commodities/raw materials	Relevant, included	The future impacts of water on key commodities is managed by: (1) the Corporate Risk and Sustainability Departments activity (2) the corporate business risk model (3) the Water map risk model (4) The Life Cycle Assessment and Water Footprint Network guidelines (5) The WBCSD Global water tool (6) the Corporate Water Management WG The corporate business risk model the impact of future changes in key commodities in EDP Group EBITDA, in the short and long term
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Relevant, included	This risk is followed in the Corporate Water Management WG and it is managed mostly by the generation Business Units.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Relevant, included	EDP has performed scenario analysis of availability of sufficient quantity and quality of water, with the participation of the Corporate Risk and Sustainability Departments and the generation BU. The scenarios were run in the corporate business risk model. This has allowed the evaluation of the hydro volatility impact in EDP's Group EBITDA, for the short and long term
Scenario analysis of regulatory and or tariff changes at a local level	Relevant, included	EDP has performed scenario analysis of regulatory and or tariff changes, with the participation of the Corporate Risk and Sustainability Departments and the generation BU. The scenarios were run in the corporate business risk model. This has allowed the evaluation of the impact in EDP's Group EBITDA, on the short and long term of changes in tariffs and regulation. The model also evaluated the impact of an extreme Hydro generation index, wet and dry years in the tariff deficit.
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Relevant, included	Potential stakeholder conflicts are addressed within the activity of the Corporate Sustainability Department and the generation BU. There is a special Project – COMPRO that addresses current and future stakeholder conflicts in big projects. The corporate business risk model addresses eventual future stakeholder conflict through competitive uses thus allowed the evaluation of its impact in EDP's Group EBITDA.
Scenario analysis of implications of water on your key commodities/raw materials	Not relevant, explanation provided	EDP has not done scenarios on water risk in key commodities because it mitigates this risk by: (1) Using the Achilles database that contains sustainability data such as supplier environmental certification (includes water management) for its 10% key supplier (2) Using an in-house a supplier's risk matrix to access sustainability risks, among others: "operation in water stress area" and "emission of polluting liquid effluents" (3) Being part of the Bettercoal initiative that associates 12 European's companies aiming to improve sustainability in coal supply chain. Coal has been identified by utilities as a critical supplier with medium/high ESG's risks manly on water/biodiversity issues and on human rights. 2014 has been the first full working year and the

		members promoted due diligences and self-assessments directly in coal mines (4) Having a Corporate Water Management WG that is assessing water risk in operations and in the supply chain, among other activities.
Scenario analysis of potential changes in the status of ecosystems and habitats at a local level	Not evaluated	EDP is still analyzing what will be the most adequate framework to evaluate potential changes in the status of ecosystems and habitats at a local level.
Other	Not evaluated	

W2.7 Which of the following stakeholders are always factored into your organization's water risk assessments?

N.	Stakeholder	Choose option	Please explain
1	Customers	Relevant, included	EDP assesses the water footprint of its products and relates it allowing customers to fully acknowledge the direct and indirect impacts of EDP's product's consumption. The Corporate Water management Working Group is also conducting studies that might contribute with more information to consumers.
2	Employees	Relevant, included	Water related Risks are under evaluation in the activities of the Working Group on water management. Some preliminary studies have already been done, like water stress impact, Climate change impact, water regulation impact, but there are still many issues to be addressed. EDP has promoted several internal project aiming at resource management efficiently; consequently, water consumption in offices was substantially reduced.
3	Investors	Relevant, included	EDP reports water performance and water risks through many ways such as the annual report, the water disclosure project, among others. Furthermore EDP is frequently summoned to respond to investors questions about sustainability, including water issues.
4	Local communities	Relevant, included	Water related Risks are under evaluation in the activities of the Working Group on water management. Some preliminary studies have already been done, like water stress impact, Climate change impact, water regulation impact, but there are still many issues to be addressed. In all projects – generation, distribution, other - local communities are always involved.
5	NGOs	Relevant, included	Water related Risks are under evaluation in the activities of the Working Group on water management. Some preliminary studies have already been done, like water stress impact, Climate change impact, water regulation impact, but there are still many issues to be addressed. EDP has been partnering with some NGO's and in new projects their positions are taken into consideration. This has led to several joint projects on conservation.
6	Other water users at a local level	Relevant, included	Water related Risks are under evaluation in the activities of the Working Group on water management. Some preliminary studies have already been done, like water stress impact, Climate change impact, water regulation impact, but there are still many issues to be addressed. Local water users are always taken into very high consideration. Many EDP's facilities, namely the hydro plants, There have multiple users of the water bodies, and EDP manages closely this relation, example the Castelo de Bode dam in Portugal that provides water for the Lisbon water utility. The relation between EDP and the water utility has always been the best.

7	Regulators	Relevant, included	<p>Water related Risks are under evaluation in the activities of the Working Group on water management.</p> <p>Water regulation issues are very closely followed by the Corporate sustainability Department and by the generation BU. EDP participates in many public consultation processes, example the Portuguese national water efficiency plan, and is represented in many regulatory boards such as the river basin councils in Portugal.</p>
8	River basin management authorities	Relevant, included	<p>Water related Risks are under evaluation in the activities of the Working Group on water management.</p> <p>Water regulation issues are very closely followed by the Corporate sustainability Department and by the generation BU. EDP participates in many public consultation processes and is represented in many regulatory boards such as the river basin councils in Portugal.</p>
9	Statutory special interest groups at a local level	Relevant, included	<p>The Statutory special interest groups at a local level are always taken into very high consideration. Many EDP's facilities, namely the hydro plants, There have multiple users of the water bodies, and EDP manages closely this relation, examples</p> <p>(1) Castelo de Bode dam in Portugal that provides water for the Lisbon water utility. The relation between EDP and the water utility has always been the best</p> <p>(2)Castelo de Bode dam in Portugal that provides water for nautical sports such as kayaking, EDP has always adjusted its flows to guarantee these activities.</p>
10	Suppliers	Relevant, included	<p>EDP works very closely with suppliers through:</p> <p>(1) the use of Achilles data base that contains sustainability data such as supplier environmental certification, includes water management</p> <p>(2) supplier's risk matrix to access sustainability risks to access sustainability risks, among others: "operation in water stress area" and "emission of polluting liquid effluents"</p> <p>(3) the association to the Bettercoal initiative that associates 12 European's companies aiming to improve sustainability in coal supply chain. Coal has been identified by utilities as a critical supplier with medium/high ESG's risks manly on water/biodiversity issues and on human rights</p> <p>(4) The Corporate Water Management WG that is assessing water risk in operations and in the supply chain, among other activities.</p>
11	Water utilities/suppliers at a local level	Relevant, included	<p>The water utilities at a local level are always taken into very high consideration. Many EDP's hydro facilities are in municipal water reservoirs and its management is made very closely with the water utility companies. Examples of dams in Portugal that also provide water for municipalities: Castelo de Bode, Venda Nova, Vilar-Tabuaço, Bemposta, Picote, Caldeirão, etc.</p>

W3. Water risks

W3.1 Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?

Yes direct operations and supply chain.

W3.2 Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk

A substantive change is one that:

- (1) surpasses 1 M€, in revenue or capex
- (2) surpasses 1% in revenue or capex
- (2) Creates a reputation impact at least at a local level
- (3) Affects at least one strategic facility

W3.2a Please complete the table below providing information as to the **number of facilities in your direct operations exposed to water risks** that could generate a substantive change in your business, operations, revenue or expenditure. Please also provide either the proportion of cost of goods sold, global revenue or global production capacity that could be affected across your entire organization at the river basin level.

Country	River basin	Number of facilities	Proportion of total operations exposed to risk within river basin (%)	Comment
Portugal	Cávado Lima	18	6% - 10%	The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system
Portugal	Douro	15	11% - 20%	The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system.
Portugal	Tejo - Mondego	10	6% - 10%	The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system

Brazil	Several	18	11% - 20%	<p>The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system.</p>
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W3.2b Please provide the **proportion of financial value** that could be affected at river basin level associated with the facilities listed in W3.2a

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected within the river basin	Comment
Portugal	Cávado Lima	% global production volume	6% - 10%	<p>The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system</p>
Portugal	Douro	% global production volume	11% - 20%	<p>The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system</p>
Portugal	Tejo - Mondego	% global production volume	6% - 10%	<p>The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system</p>
Brazil	Several	% global production volume	11% - 20%	<p>The facilities listed correspond to hydro power plants. These do not consume water but use water in large quantities. So, water scarcity or change in quality will impact the operations.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic to a lentic system</p>

W3.2b Please list the **inherent water risks** that could generate a **substantive change** in your **business, operations, revenue or expenditure**, the potential impact to your direct operations and the strategies to mitigate them

Country =====	River basin	Risk driver	Potential impact	Description of impact [1500]	Timeframe =====	Likelihood	Magnitude of potential impact	Response strategy	Costs of strategy [500] =====	Details of strategy and costs[2000]
Portugal & Spain	Physical - water scarcity excess drought flooding	Higher operating costs	<p>The physical variability of water resource impacts in EDP's businesses. In draught and in flood situations hydro power plants will not be able to produce.</p> <p>Floods caused by local hydrological conditions and rising sea levels affect the accessibility and/or impact the operations of EDP's infrastructures such as offices, electricity distribution lines or gas distribution pipelines</p> <p>These risks have a direct negative impact on power plant availability for electricity production, thus impacting the cash flow generation.</p> <p>The physical changes associated with water also create indirect effects like algae invasion in cooling units, per examples at Sines power plant.</p>	Current up to 1 year	Medium high	<p>Develop flood emergency plans</p> <p>Promote best practice and awareness</p> <p>Use of risk transfer instruments</p> <p>Infrastructure resilience</p>	<p>The costs of response strategy include all actions to increase plant resilience. Per example the cost of managing the algae blowout at Sines costs 1.5 M€.</p>	<p>EDP manages these risks either through direct corrective actions on its assets or by preventive measures. The direct actions include:</p> <ul style="list-style-type: none"> - In a new power plant exposed to river overflow – Ribatejo -the equipments were placed at a higher height - In hydropower plants the floodgates circuits were duplicated and in diesel emergency groups were placed in flood protected sites, etc.). - EDP's hydropower plants are designed to support what is technically named "the flood of the millennium" - All plants have emergency plans that are fully operational and address all events that might disrupt normal operation, some of them water related. - Preventive measures based on using all the relevant information to anticipate the floods: - Access to meteorological forecasts, - A dedicated communication channel with the civil protection authorities, - Annual detailed equipment, maintenance plan, - Companies' and sites' emergency plans, - "All risks" insurance, - Environmental liability insurance, - Civil responsibility insurance <p>The concern with physical risks which may affect EDP, including water related risks, is transversal throughout the company. In Portugal, Spain, and Brazil most of the assets are ISO 14001 and EMAS certified, thus guaranteeing that risks related with extreme events and water scarcity are identified and mitigated.</p>		
All river basins				Highly probable						

							Water related risks to assets and losses are mostly covered by a range of insurances for the Group's assets in operation, so the maximum risk cost incurred is mostly transferred out of the EDP Group (except for partial revenue losses). Also, EDP has a captive insurance policy (Energia RE, based in Luxembourg) for sharing Group's small losses (below external insurance deductibles) and to give direct access to reinsurance market.
Portugal & Spain	Other Regulatory - Restrictions on water use	Higher operating costs	The Water framework directive applies to all EU members and aims at preventing further deterioration and; promoting sustainable water use enhancing protection and improvement of the aquatic environment; ensuring reduction of groundwater pollution, and contributing to the mitigation of the effects of floods and droughts. It will most probably constrain: - Ecological flows - Flood and cleaning discharges - Hydro peaking - Sediment management - Working regime; - Water body physical, chemical and ecological quality.	Current up to 1 year	Medium high	Engagement with public policy makers Promote best practice and awareness	The costs associated with this risk comprise the regulatory followup and EDP's participation in the sector association activities, represented by the annual budget for Departments with regulatory follow-up responsibilities. These Departments exist for Portugal Spain, Brazil and USA. Their budget is about 5 M€ per year EDP has a very proactive approach by: - proactively participating in future regulation public discussions - participating in several sectorial association – Eurelectric, national utility associations - complying with local legal requirements - complying with EDP's internal standards - having published a water policy in 2012 - Creating a corporative water management Working group -Being represented in the relevant River Basin Councils - advisory boards in which all the water users (consumers and non-consumers) are represented amongst many others.
All river basins				Highly probable			
Brazil	Physical - water scarcity excess drought flooding	Higher operating costs	The physical variability of water resource impacts in EDP's businesses. In draught and in flood situations hydro power plants will not be able to produce. Floods caused by local hydrological conditions and rising sea levels affect the accessibility and/or impact the operations of EDP's infrastructures such as offices, electricity distribution lines or gas distribution pipelines	Current up to 1 year	Medium high	Develop flood emergency plans Promote best practice and awareness Use of risk transfer	The costs of response strategy include all actions to diversify the generation portfolio. Diversification costs: investment, in 2014, on renewable energy (wind) of 515 M€, 531 M€ hydro power in Portugal and 60 M€ hydro power in Brazil. These investments are part of EDP's Strategic Plan.
All river basins							

			<p>These risks have a direct negative impact on power plant availability for electricity production, thus impacting the cash flow generation.</p>	<p>Highly probable</p>	<p>instruments</p> <p>Infrastructure resilience</p>	<p>EDP manages these risks through portfolio diversification (hydro vs thermal) and by using best practices, namely by use of risk transfer instruments, per example insurance. Examples:</p> <ul style="list-style-type: none"> - All plants have emergency plans that are fully operational and address all events that might disrupt normal operation, some of them water related. - Preventive measures based on using all the relevant information to anticipate the floods: - Access to meteorological forecasts, - A dedicated communication channel with the civil protection authorities, - Annual detailed equipment, maintenance plan, - Companies' and sites' emergency plans, - "All risks" insurance, - Environmental liability insurance, - Civil responsibility insurance <p>The concern with physical risks which may affect EDP, including water related risks, is transversal throughout the company. In Portugal, Spain, and Brazil most of the assets are ISO 14001 and EMAS certified, thus guaranteeing that risks related with extreme events and water scarcity are identified and mitigated.</p> <p>Water related risks to assets and losses are mostly covered by a range of insurances for the Group's assets in operation, so the maximum risk cost incurred is mostly transferred out of the EDP Group (except for partial revenue losses). Also, EDP has a captive insurance policy (Energia RE, based in Luxembourg) for sharing Group's small losses (below external insurance deductibles) and to give direct access to reinsurance market.</p>
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W3.2c Please list the **inherent water risks** that could generate a **substantive change** in your **business, operations, revenue or expenditure**, the potential impact to **your supply chain** and the strategies to mitigate them.

Country =====	Risk driver	Potential impact	Description of impact [1500]	Timeframe =====	Magnitude of potential impact	Response strategy	Costs of strategy [500] =====
River basin				Likelihood			Details of strategy and costs[2000]
Colombia =====	Physical - Increased water scarcity	Supply chain disruption	Coal mining uses water. If there would be restrictions on water use this could cause an impact. If coal becomes scarce its price will increase, which will negatively impact EDP's cash flow.	Current up to 1 year =====	Medium	Engagement with suppliers Promote best practices and awareness Supplier diversification Tighter supplier performance standards	The costs of response strategy include all actions to diversify the generation portfolio. Diversification costs: investment, in 2014, on renewable energy (wind) of 515 M€, 531 M€ hydro power in Portugal and 60 M€ hydro power in Brazil. These investments are part of EDP's Strategic Plan. =====
Unknown				Probable			In 2013 EDP joined the Bettercoal initiative that associates 12 European's companies aiming to improve sustainability in coal supply chain. Coal has been identified by utilities as a critical supplier with medium/high ESG's risks manly on water/biodiversity issues and on human rights. 2014 has been the first full working year and the members promoted due diligences and self-assessments directly in coal mines. Members agreed to include Bettercoal Code in acquisition contracts and have specified KPIs EDP has a diversified set of key suppliers. EDP also has invested strongly on renewable generation thus reducing its exposure to fossil fuels.

W4. Water opportunities

W4.1 Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?

Yes

W4.1a Please describe the **opportunities** water presents to your organization and your strategies to realize them

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain [500]
Portugal	Climate Change adaptation Competitive advantage Sales of new products and services	EDP is investing in hydropower and in renewable energy.	Current	EDP is heavily investing in hydropower investment, in 2014: 531 M€ hydro power in Portugal and 60 M€ hydro power in Brazil. These investments are part of EDP's Strategic Plan.
Iberia	Improved water efficiency	Preference for closed water refrigeration circuits, with cooling towers.	Current	Closed water refrigeration circuits, with cooling towers, were adopted in the recently built Ribatejo and Lares combined cycle power plants. When compared to the conventional coal plant of Sines they are less water intensive because they use less water thus reducing the dependence on water availability. In Spain the Soto and Castejon power plants have closed water refrigeration circuits, with cooling towers
Portugal	Sale new products services	Reversible hydro power plants play a strategic role because they permit energy storage thus allowing for a better electrical system management.	Current	Energy storage through water potential energy allows EDP to better manage supply/demand. Not only improving the overall service but also generating cash flow.
Worldwide	Sale new products services	EDP has participated in projects to access ecosystem services and by now EDP has already the tools to proceed with an extended and thorough evaluation of the ecosystem services the company provides.	1-3 years	The trend to internalize externalities will compel companies to pay for non-monetized advantages they benefit from, but also to be paid for non-monetized value they give to society.

W5. Water Accounting

W5.1 **Water withdrawals:** for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Country ==== River basin	Facility name	Total water withdrawals (megaliters / year) at facility ===== Withdrawals vs last reporting year	Please explain the change if substantive
Facility 1	Portugal ===== Cavado-Lima	All the hydro power plants of Cavado-Lima rivers.	0 ===== About the same	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions.
Facility 2	Portugal ===== Douro	All the hydro power plants of Cavado-Lima rivers.	0 ===== About the same	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions.
Facility 3	Portugal ===== Tejo-Mondego	All the hydro power plants of Cavado-Lima rivers.	0 ===== About the same	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions.
Facility 4	Brazil ===== Several	All the hydro power plants of Cavado-Lima rivers.	0.04 ===== About the same	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions.

W5.1a **Water withdrawals:** for the reporting year, please provide withdrawal data*, in megaliters per year, for the water sources used for all facilities reported in W5.1

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)
Facility 1	0	0	0	0	0
Facility 2	0	0	0	0	0
Facility 3	0	0	0	0	0
Facility 4	0	0	0	0	0

Facility reference number	Produced/process water	Municipal water	Waste water from another organization	Comment
Facility 1	0	0	0	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>

Facility 2	0	0	0	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 3	0	0	0	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 4	0	0	0	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>

W5.2 **Water Discharge:** for the reporting year, please complete the table* below with water accounting data for all facilities included in your answer to W3.2a

Facility reference number	Total water discharged (megaliters/yr) at facility	total water discharged vs. last year	Please explain the change if substantive
Facility 1	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 2	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 3	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 4	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>

W5.2a **Water discharge:** for the reporting year, please provide water discharge data*, in megaliters per year, by destination for all facilities reported in W5.2

Facility reference number	Fresh surface water	Municipal Treatment Plant	Seawater	Groundwater	Comment
Facility 1	0	0	0	0	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions
Facility 2	0	0	0	0	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions
Facility 3	0	0	0	0	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions
Facility 4	0	0	0	0	The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines. These facilities do not consume water, they use water. The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system. Taking this into consideration one cannot fulfill the data requested in questions

W5.3 Water consumption: for the reporting year, please provide water consumption data* for all facilities reported in W3.2a

Facility	Consumption (megalit/year)	Compare vs. last year?	Please explain the change if substantive
Facility 1	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 2	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 3	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>
Facility 4	0	About the same	<p>The facilities presented in 3.2.a are exposed to water risks since they are hydro power plants that use water to produce electricity in their turbines.</p> <p>These facilities do not consume water, they use water.</p> <p>The facilities impact on water is due to its reservoir that transforms the running water river from a lotic into a lentic system.</p> <p>Taking this into consideration one cannot fulfill the data requested in questions</p>

W5.4 For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

Water aspect	% verification	What standard and methodology was used?
Water withdrawals – total volumes	100	The values are fully audited by KPMG using the standard ISAE 3000.
Water withdrawals – volume by sources	100	The values are fully audited by KPMG using the standard ISAE 3000.
Water discharges – total volumes	100	The values are fully audited by KPMG using the standard ISAE 3000.
Water discharges – volume by destination	100	The values are fully audited by KPMG using the standard ISAE 3000.
Water discharges – volume by treatment method	100	The values are fully audited by KPMG using the standard ISAE 3000.
Water discharge quality data – quality by standard effluent parameters	100	The values are fully audited by KPMG using the standard ISAE 3000.
Water consumption – total volume	100	The values are fully audited by KPMG using the standard ISAE 3000.

W6. Governance & Strategy

W6.1 Who has the **highest level of direct responsibility** for water within your organization and how frequently are they briefed?

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment [500]
Individual/Sub-set of the Board or other committee appointed by the Board	Scheduled - quarterly	Water performance is reported in the quarterly reports, annual reports and eventual briefings.

W6.2 Is water management integrated into your business strategy?

Yes.

W6.2a Please choose the option(s) below that best explain how **water** has **positively influenced** your **business strategy**

Influence of water on business strategy	Please explain
Establishing of a clear water strategy	The corporate water strategy published by EDP has allowed the company to align processes and people towards a more sustainable water management.
Establishment of sustainability goals	The sustainability goals have permitted EDP to operate more efficiently, diminishing its costs and reduction of its exposure to risks such as environmental fees and water stress, among others.
Exploration of water valuation practices	Water evaluation practices will allow EDP in a medium/far future to be paid for its positive externalities.
Water resource considerations are factored into location planning for new operations	All new investments go through a detailed analysis in which all key factors are integrated. Water stress, water regulation is fully considered, among others.
Publicly demonstrated our commitment to water	EDP's public commitment to water is accomplished through its water policy, through the water management working group and through all the activities in which water is safeguarded.
Tighter operational performance standards	Tighter operational performance standards allow costs reduction and reduction of its exposure to risks such as environmental fees and water stress, among others.

W6.2b Please choose the option(s) below that best explains how **water** has **negatively influenced** your **business strategy**

Influence of water on business strategy	Please explain
Other – technological and geographical diversification.	EDP's exposure to water risk negatively affected operations in Brazil in 2014 translating into financial losses. To mitigate this issue EDP has diversified its assets, technological and geographically.

W6.3 Does your organization have a **water policy** that sets out clear goals and guidelines for action?

Yes, a publicly available company-wide water policy.

W6.3a Please select the **content** that best describes your **water policy** (tick all that apply)

Content	Please explain why this content is included
<ul style="list-style-type: none"> 1. Publicly available 2. Company-wide 3. Performance standards for direct operations 4. Performance standards for supplier, procurement and contracting best practice 5. Incorporated within group environmental, sustainability or EHS policy 6. Acknowledges the human right to water, sanitation and hygiene 	<p>EDP's water policy acknowledges the access to drinking water as a fundamental and universal human right.</p> <p>EDP's corporate water policy is public and shared to all stakeholders in several media. The policy applies to all EDP's assets and processes and aims to improve the water performance standards, either internally in direct operations either externally in the supply chain.</p> <p>The water policy is fully integrated into EDP's environmental management system.</p>

W6.4 How does your organization's **water-related capital expenditure (CAPEX)** and **operating expenditure (OPEX)** during the most recent reporting period compare to the previous reporting period?

Water CAPEX (+/-% change)	Water OPEX (+/-% change)	Motivation for these changes
4.9 M€ (+18%)	11.7 M€ (-10%)	Current activity variation between working years.

W7. Compliance

W7.1 Was your organization subject to any **penalties** and/or fines for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting period?

No

W8. Targets and initiatives

W8.1 Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, targets and goals.

W8.1a Please complete the following table with information on **companywide quantitative targets** (ongoing or reached completion during the reporting period) and an indication of progress made.

Category of target	Motivation	Description of target	Quantitative unit of measurement	Base-line year	Target year	Proportion of target achieved, % value
Other – Improvement of water monitoring	Water stewardship	Water monitoring is a first step to improve its management this measure applies to water consumed in hydro power plants. This is a very small amount of water but still is an objective.	Other % of water monitored.	2012	2014	100%
Water pollution prevention	Water stewardship	Ribatejo power plant Replace the use of hydrazine.	% reduction per product	2012	2014	100

W8.1b Please describe any **company wide qualitative goals** (ongoing or reached completion during the reporting period) and your progress in achieving these

Goal	Motivation	Description of goal	Progress
Other – Quantify water footprint	Water stewardship	Companies impact on nature via their direct operations but also through as a result of their whole production chain. In order to access the impact of EDP's activity on water resources EDP evaluated its water footprint This project was developed with IST Engineering Institute, Technical University Lisbon.	The preliminary results were made publicly available in the 2014 annual report.
Other –virtual water quantification	Water stewardship	Companies impact on nature via their direct operations but also through as a result of their whole production chain. In order to access the impact of EDP's activity on water resources EDP evaluated its virtual water. This project was developed with IST Engineering Institute, Technical University Lisbon.	The preliminary results were obtained by the end of 2014.
Strengthen links with local community.	Water stewardship and Risk mitigation	EDP has developed a project, ComPro - Communication Plans and Procedures for major Projects, which main objective is the strengthening of the bi-directionality of the communication with stakeholders and the improvement of communication in sustainability and environmental issues. This project is applied to some. One of the most important activities is the training program. EDP has already trained more than 250 employees.	EDP has already trained more than 250 employees and applied the project to several facilities.
Engagement with public policy makers to advance sustainable water policies and management.	Water stewardship and Risk mitigation	EDP participates in several policy fora, such as BCSD-GT Agua, WBCSD and the Portuguese National Plan for efficient Water use (PNUEA) The main outcomes are: disclosure of EDP positions and interests on water use, management and sustainability.	EDP attends several meetings throughout the year.
Watershed remediation and habitat restoration, ecosystem preservation.	Water stewardship and Risk mitigation	EDP has sponsored several scientific studies regarding ecological improvement of habitats and rivers. EDP has a Working Group on water related issues that is addressing ecological issues. EDP has a Working Group exclusively dedicated to ecological flows, and the implementation of the EU Water Framework Directive.	EDP has supported a national conservation plan for the river lamprey and Brook Lamprey. EDP has supported some research projects: ecological effect of hydrological system on fish communities, an evaluation of biodiversity in temporary ponds, an Atlas of riparian vegetation and a research on biodiversity, the study of endemism and protected species within lagoons and watercourses.

W9. Managing trade-offs between water and other environmental issues

W9.1 Has your organization identified any linkages or **trade-offs** between **water** and other **environmental** issues in its value chain?

Yes.

W9.1a Please describe the linkages or trade-offs and the related management policy or action

Environmental issues	Linkage or trade-off	Policy or action
Water conservancy	Linkage	EDP CCGT power plants use cooling tower as the cold source. This technology allows for less water use in the cooling process.
GHG Emissions	Linkage	EDP is heavily investing in wind generation this process does not use water directly as hydro and thermal generation.
Natural watersheds conservancy	Trade-off	Hydro generation changes the river's natural systems from lotic to lentic and this change impacts in biodiversity.

W10. Sign off

W10.1 Please provide the following information for the person that has signed off (approved) your CDP water response

Name	Job title	Corresponding job category
Rui Teixeira	Rui Teixeira has responsibility over electric generation and sustainability issues. He is also a Member of the Board of Directors of several subsidiaries of the Company's Group	Board/Executive board