



Nature Management Approach Report

Aligned with TNFD recommendations

February 2026

This report

This report outlines EDP's initial approach to its Nature Transition Plan and presents the company nature and biodiversity strategy, aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

It describes how EDP integrate nature into decision-making and what are its commitments and objectives to lead with these challenges and contribute to international and external goals. Performance and specific initiatives will be presented in EDP's Annual Reports and EDP website.

EDP publishes this *Nature Management Approach* report as a significant step forward in enhancing transparency regarding the Group's dependencies, impacts, risks and opportunities on nature and in reaffirming its commitment to pursuing a positive balance on Nature in the long term.

For EDP, protecting and restoring nature is not only vital to halting biodiversity loss—it is also a key enabler of climate resilience.

By embracing nature as a solution, EDP reinforces its commitment to a future where ecosystems and climate goals advance.

This report will be reviewed and updated in line with the latest scientific insights, stakeholder feedback, and evolving recommendations from national and international frameworks, as TNFD.

Message from the CEO



Miguel Stilwell d'Andrade
CEO of EDP and EDPR

Ecosystems are facing unprecedented pressure worldwide, reminding us that the health of our planet's natural systems is essential to society's long-term wellbeing.

As climate change accelerates biodiversity loss, expanding renewable energy becomes a critical lever to relieve pressure on natural systems. At the same time, we know that this transition must be carried out responsibly, ensuring that our projects are developed with full consideration for ecosystems and the communities around them. By valuing nature as a strategic asset, we strengthen the resilience of our business and amplify our positive contribution to society.

I am pleased to present this Nature Management Approach, which outlines our commitments for 2028 and marks an important milestone in our journey. Specifically, we commit to ensuring that all new projects systematically integrate biodiversity risk analysis and action planning from the earliest stages of development. We also commit to advancing pilot projects to test and align methodologies towards Biodiversity Net Gain, in line with international best practices. These commitments translate our ambition into concrete actions embedded in project design, risk management, and performance monitoring across the Group.

Delivering on these commitments requires integrating nature considerations into every stage of our business – how we plan, design, build, operate, and decommission our assets.

This report also reflects our work to deepen our understanding of how EDP interacts with nature, the risks and dependencies inherent to our sector, and the role we can play in halting and reversing biodiversity loss. We are embedding science-based practices into our daily decision-making, ensuring that impacts are avoided where possible, minimized when unavoidable, and offset or restored when necessary.

As we recognize the critical importance of science, collaboration, and transparency, this report enhances the visibility of our actions in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), which we adopted in 2024.

I am proud of the steps we are taking and confident in the path ahead. Together, we can help regenerate the natural systems that sustain us all.

Miguel Stilwell d'Andrade

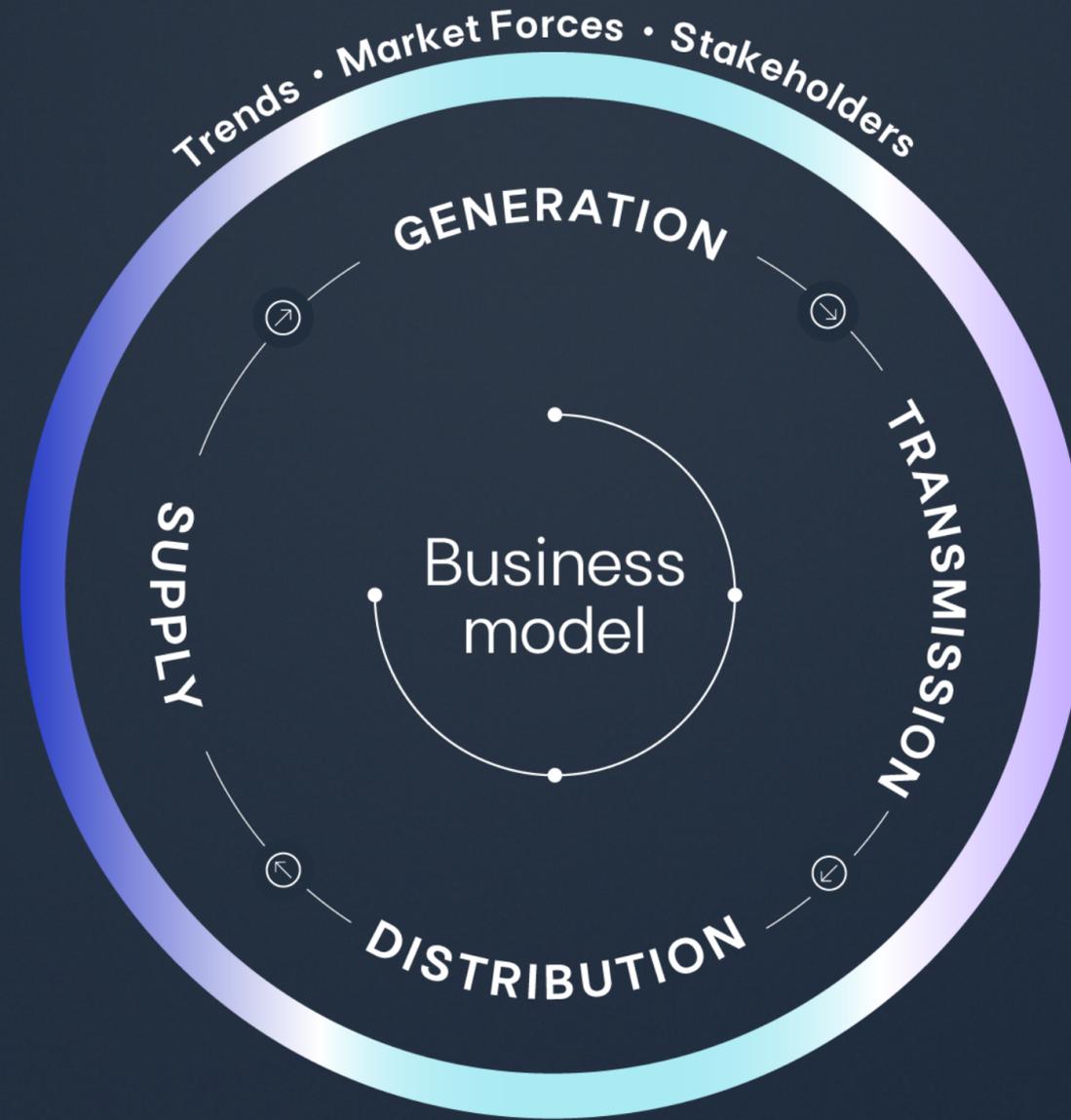
Our Business Model

Nature throughout the value chain

At EDP, nature is interconnected with every stage of its business model. From renewable generation and grid development to distribution and supply, EDP's activities continuously interact with it.

This is why integrating nature considerations across the entire value chain is essential: it allows us to anticipate risks, design resilient assets, minimise impacts through the mitigation hierarchy, and contribute to long-term positive outcomes for biodiversity.

By embedding nature into planning, operation and decision-making, EDP ensures that each part of the business supports a more sustainable and regenerative energy system.



01. GENERATION

- Generation is the first activity in the value chain of the electricity sector. Power plants transform the various energy sources into electricity.



02. TRANSMISSION

- In the transmission the energy generated is delivered to the transport network, which is made of very high voltage lines and which then channels the energy to the distribution network.



03. DISTRIBUTION

- In the distribution activity the transported energy is delivered to the distribution grid. These networks allow the flow of energy to the supply points.

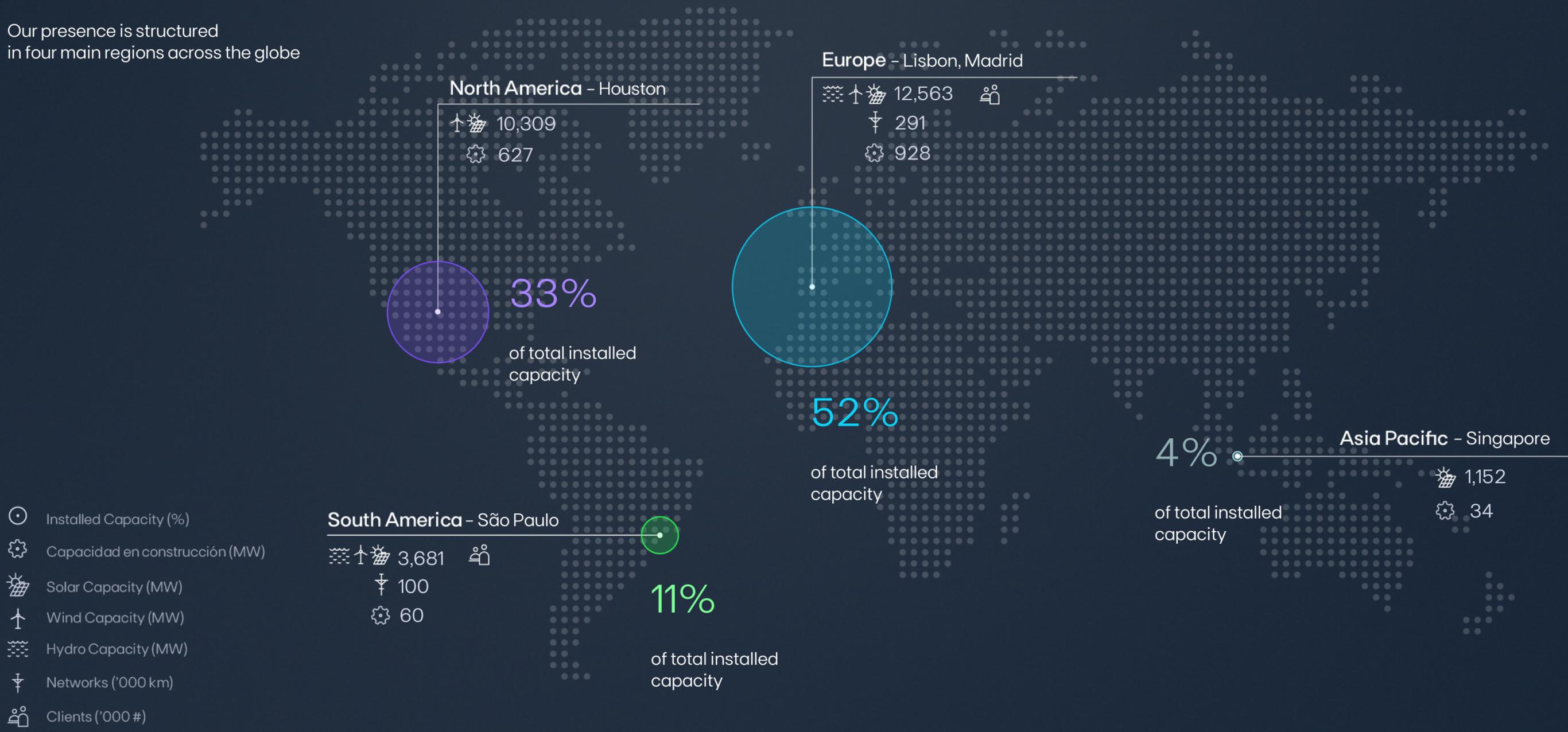


04. SUPPLY

- In the supply activity the distributed energy arrives at the supply point and is sold by the supplier. Throughout the electricity and gas value chain, supply is the closest activity to the customer.

Global presence

Our presence is structured in four main regions across the globe



Note: Data corresponds to FY2025

A call to nature action

Nature is under unprecedented pressure. Biodiversity loss has emerged as one of the most critical global challenges. The concept of planetary boundaries, developed by the Stockholm Resilience Centre, defines nine critical Earth system processes that regulate the planet's stability and resilience. Among these, biosphere integrity—which includes genetic and functional diversity—is one of the most severely transgressed boundaries, threatening the ecological foundations of life on Earth.

Biodiversity loss undermines the ecosystems that provide essential services to humanity. The World Economic Forum's Global Risks Report 2025 ranks **biodiversity loss and ecosystem collapse among the top long-term risks to global stability**. These risks are not abstract—they translate into supply chain disruptions, operational uncertainty, and financial exposure. Regulatory measures such as the EU Nature Restoration Law and the UK Biodiversity Net Gain mandate are accelerating the shift towards accountability and resilience. Far from being mere compliance obligations, they represent an opportunity to align strategies with global sustainability goals.

Closely intertwined with biodiversity loss is climate change, which exacerbates ecosystem degradation and reduces nature's capacity to absorb carbon and buffer climate impacts. The Intergovernmental Panel on Climate Change (IPCC) confirms that **climate change is already driving species extinctions, ecosystem restructuring, and declines in key ecosystem services**, with risks escalating sharply beyond 1.5°C of warming.

These twin crises form a perilous feedback loop: **climate change accelerates biodiversity loss, and the degradation of ecosystems reduces the planet's ability to absorb carbon and mitigate climate impacts**. Breaking this cycle requires urgent, coordinated action.

Another driver of this crisis is the dominant linear “take-make-dispose” model, which accelerates resource depletion, habitat destruction, and greenhouse gas emissions. This system is incompatible with planetary boundaries and perpetuates the pressures that push ecosystems beyond their limits. Without a fundamental shift away from linearity, efforts to halt biodiversity loss and stabilize the climate will fail. Circular economy principles are not a distant ideal—they are an urgent necessity. By designing out waste, keeping materials in use, and regenerating natural systems, circular strategies can reduce ecological pressure while reinforcing resilience. **Linking nature-positive goals with circular practices is essential to break the cycle of degradation and secure a liveable future.**

Global frameworks provide a clear roadmap for this transformation. The Kunming–Montreal Global Biodiversity Framework sets ambitious targets to halt and reverse biodiversity loss by 2030, calling for action across all sectors. Complementing this, the **Taskforce on Climate-related financial Disclosures (TCFD)** and **Taskforce on Nature-related Financial Disclosures (TNFD)** provide a structured framework for organizations to assess and disclose their dependencies, impacts, risks, and opportunities related to climate and nature. Both taskforces recommend scenario analysis to explore plausible futures and evaluate the resilience of business strategies under condition of climate change and ecological uncertainty.

Scientific evidence underscores the urgency of these actions. According to the IPBES¹ Global Assessment Report (2019), **biodiversity is declining at an unprecedented rate, threatening ecosystem services that underpin human well-being and economic stability**. This reinforces the need for integrated strategies that align with global frameworks.

The ambition is clear: integrate nature into decision-making, align with TNFD recommendations, and contribute to the Kunming–Montreal Global Biodiversity Framework (GBF) targets—halting and reversing biodiversity loss by 2030 and advancing toward the 2050 vision of “**Living in harmony with Nature**”.

BIODIVERSITY LOSS

73%

decline in global wildlife populations between 1970–2020

CLIMATE CHANGE

3rd

largest driver of biodiversity loss

NATURE COLLAPSE

\$2.7 tn

lost by 2030 from global annual GDP decline due to ecosystem services collapse

¹ Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Service

Embedding nature in our strategy

In response to this call to action, EDP continues to strengthen its commitment to protecting biodiversity, addressing climate change, and promoting resource efficiency—recognizing that these are not isolated efforts, but interconnected pillars of a sustainable and resilient future.

EDP recognizes the sensitivity of natural ecosystems and the increasing pressures on nature, and it is firmly committed to contributing to a regenerative planet by accelerating the production of renewable energy. This ambition is part of a broader effort to achieve a climate-positive world, with the decarbonization of the Group’s activities as a central priority and nature protection as a key success factor of project delivery.

EDP's Environmental policy reflects the Group's strategic priorities to protect the Planet and enhance natural capital through three key pillars: Climate Change, Biodiversity and Circular economy.

For **Climate Change**, EDP has a [Climate Transition Plan](#) and for **Circular Economy**, a [Circular Economy Report](#) details the company's vision, guiding principles and action priorities. This report focus on **Biodiversity** management, with all contributing to the planet's protection.

EDP's ENVIRONMENTAL SPECIFIC COMMITMENTS

- **CLIMATE CHANGE:** Achieving Net zero by 2040 by expanding the renewable energy portfolio and networks, reducing direct and indirect emissions, promoting electrification and energy efficiency, aligning objectives with suppliers and clients, and strengthening climate adaptation to maximize asset resilience.
- **CIRCULAR ECONOMY:** Promoting efficient use of natural resources through life-cycle approaches, minimizing resource consumption, optimizing internal processes, and maximizing waste recovery and reintegration into the economy, with special attention to the end-of-life phase of the assets
- **BIODIVERSITY:** Reducing biodiversity loss by applying the mitigation hierarchy and striving for a long-term positive contribution, while advancing scientific knowledge and partnerships to protect ecosystems and services.

To drive implementation, **three strategic priorities** were set framed by **10 guiding principles** that translates EDP's vision for nature into actionable steps throughout the business, as the effort to pursue a positive balance in the long term.

Integrate Nature into decision-making	Embedding Protection along project life cycle	Support societal endeavours
Starting in early stages of business development processes	Protecting nature in construction, operation & decommissioning	Protect Nature beyond direct footprint and at scale

EDP's 2028 Commitments

EDP unveiled its new Business Plan for 2026–2028, built on four strategic pillars: focused growth, business optimisation, a distinctive and resilient portfolio, and value creation. This plan reflects the company’s strong commitment to the energy transition, embedding ESG principles and the preservation of nature as core elements for a more sustainable future.

All new projects¹ include a biodiversity risk analysis & action plan

Include biodiversity criteria in the earliest stage of project development; Identify potential risks and opportunities; define a proper alternative or mitigation measures; monitor and act

Pilot projects to test and align with Biodiversity No Net Loss & Net Gain

Testing existing methodologies to ensure consistency with international best practices and aligning approaches for No Net Loss and Net Gain

These commitments are framed by a set of 10 internal guiding principles for nature action:

¹Projects subject to the Investment Committee’s approval

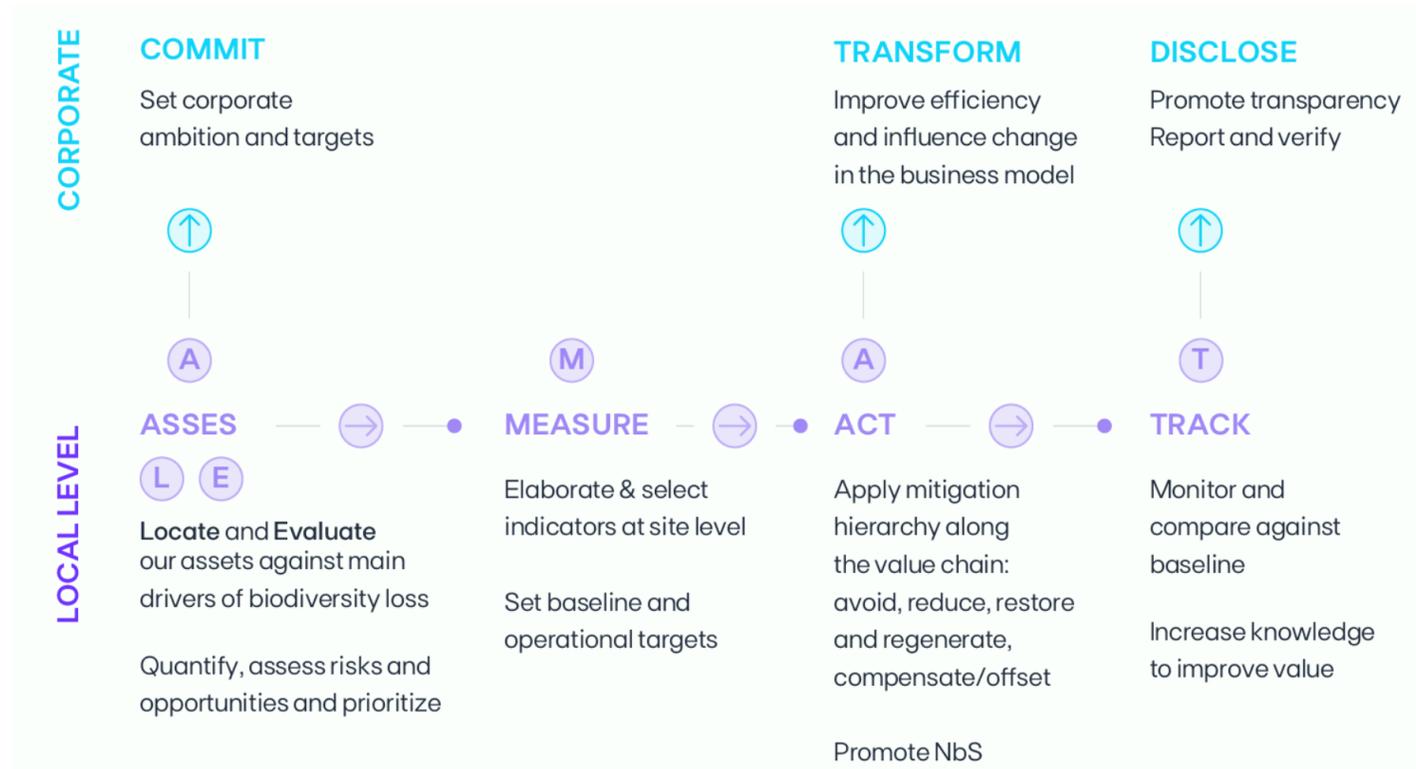
EDP's nature guiding principles

- 1 Nature goal alignment and practicality:** Define initiatives to protect or restore habitats and species affected by EDP's business, enhancing vital services like water regulation, carbon storage, pollination and soil erosion prevention.
- 2 Territorial Integration:** Design initiatives to improve harmony between EDP's business and the surrounding natural environment, focusing on protecting local landscapes, minimizing environmental impacts and enhancing the ecological value of the territories where EDP operates.
- 3 Innovation in Sustainability:** Develop and adopt new approaches and solutions to address pressing environmental challenges or seek new business opportunities.
- 4 Nature-Based Solutions:** Prioritize solutions that leverage natural processes—such as reforestation, wetland restoration, and green infrastructure—to address climate and biodiversity challenges while creating co-benefits for society.
- 5 Science-based approach:** Support initiatives based on best available science and recognized global frameworks.
- 6 Local Knowledge & Cultural Respect:** Recognize and incorporate traditional ecological knowledge and cultural values of local communities in nature-based solutions.
- 7 Stakeholder Engagement:** Actively involve local communities, authorities, NGOs, academia, business partners and other stakeholders along business value chain in co-creating solutions, ensuring inclusivity and shared responsibility.
- 8 Long-Term Impact:** Prioritize initiatives that deliver sustained ecological and social benefits, avoiding short-term fixes that lack lasting impact.
- 9 Adaptive Management:** Design initiatives that can evolve based on monitoring results, new science, and stakeholder feedback to ensure long-term success.
- 10 Accountability & Transparency:** Set indicators to monitor, measure, and communicate the positive impacts of each initiative to reinforce trust and credibility among affected stakeholders.



Integrating Nature into daily business

EDP integrates Nature into daily operations through its **AMAT guiding framework**. This framework places a strong **emphasis on biodiversity**, while also addressing other nature-related aspects such as resource use, land-use change, climate change, pollution, and invasive species, as these are key drivers of biodiversity loss.



Based on: CSRD, SBTi for Nature; TNFD; Business4Nature

This approach is structured at two main levels:

- **Strategic:** At corporate level, driven by **COMMITMENTS** that **TRANSFORM** the business and the way EDP operates, followed by progressive **DISCLOSURE** of the company performance and delivery against objectives.
- **Operational:** At operational level daily articulated through the **AMAT —Assess, Measure, Act, Track**—approach, inspired by *Science Based Target Network (SBTN) Step-by-Step Guide to Nature based target setting*, across the entire project life cycle.

Through these two levels, EDP embeds resilience and risk management into its strategic planning, addressing physical, transition and systemic risks.

- **Assess:** The journey begins by **identifying, evaluating, and quantifying major biodiversity impacts and dependencies, as well as related risks, and opportunities.**
- **Measure:** Choose the best **indicators and metrics** at project and corporate level to improve biodiversity accountability.
- **Act:** Turning commitments and objectives into concrete actions **by applying the mitigation hierarchy to avoid, reduce and/or offset negative residual impacts.**
- **Track:** By monitoring **progress and outcomes transparently** to ensure accountability and continuous improvement.

1. Assess

The assessment phase underpins the double materiality approach and it is designed to adapt to different levels of data availability. It involves identifying and evaluating company impacts, dependencies, risks, and opportunities in line with the **TNFD LEAP approach**, based on the contributors to nature loss outlined by IPBES, drawing on tools such as ENCORE¹, WBCSD², WWF³ Biodiversity and Water Risk Filter, and insights from the Natural Capital Working Group of the Spanish energy sector.

L

Locate EDP assets and their interface with nature to identify and prioritize potential nature-related issues, such as occupation or proximity to Protected Areas or Key Biodiversity Areas (KBAs).

E

Evaluate EDP's direct potential impacts and dependencies on key impact drivers of biodiversity loss (land-use change, climate change, water use,...) and ecosystem services (provisioning and maintenance services).

Impact materiality is assessed using criteria such as **scale, scope, irremediability, and likelihood**. These dimensions allow EDP to assign a material impact value per technology, reflecting the nature and intensity of its interaction with ecosystems.

This impact value is then combined with **geospatial analysis of asset locations** and their proximity to ecologically sensitive areas—including **protected areas, critical habitats, and other areas of high biodiversity value**. By integrating potential impact value with spatial sensitivity, EDP calculates the **exposure level of each asset**.

¹ Exploring Natural Capital Opportunities, Risks and Exposure tool

² The World Business Council for Sustainable Development

³ World Wide Fund for Nature



This assessment enables the **prioritization of assets** with the **highest potential impact on nature, guiding strategic decision-making in subsequent phases of the AMAT cycle**. It represents the foundation of a structured and science-based approach to embedding biodiversity into operational planning.

A

Assess risks and opportunities at two complementary levels: at **corporate level**, through a Double Materiality Assessment that identifies nature-related risks and opportunities across the business; and at **local level**, by evaluating the potential risks and opportunities of each project based on local specificities, requirements and the state of nature.

The assessment followed TNFD's recommended scenarios, which consider two major sources of uncertainty: the progressive **degradation of ecosystem services**—linked to physical risks—and **the evolution of market and policy drivers**—associated with transition risks. Under this framework, EDP conducted an initial evaluation assuming continued ecosystem decline, combined with increasing public scrutiny and policy action on nature, although still insufficient to reverse current trends¹.

To strengthen and systematize the identification of nature-related risks and opportunities, EDP is **integrating this process into its management systems, in alignment with ISO 14001**.

Importantly, this impact and risk prioritization process is inherently a **dynamic process**. As EDP advances in its nature strategy, the methodology will continue to evolve through the integration of **real impact metrics and indicators at site level**, enhancing accuracy, relevance, and responsiveness to changing ecological conditions.

P

Prepare phase focuses on consolidating internal indicators, defining scope, and ensuring data robustness to support subsequent analysis. At EDP, this phase is embedded within the MEASURE and TRACK steps, where systematic data collection and validation enable accurate performance monitoring and transparent disclosure of results.

¹ Guidance on scenario analysis (TNFD). Scenario #2: Go fast or go home



Impacts and dependencies, risks and opportunities

EDP'S Direct Potential Impacts On Impact Drivers Of Biodiversity Loss – Assessment

The table below summarizes the identification of EDP's direct potential impacts on nature, structured by the key drivers of biodiversity loss defined by IPBES and by activity.

IMPACT DRIVERS												
		RESOURCES USE		LAND-USE CHANGE		CLIMATE CHANGE		POLLUTION				BIODIVERSITY
ACTIVITY		Use of water	Use of other resources	Use of terrestrial ecosystems	Use of freshwater ecosystems	GHG emissions	Atmospheric pollutants non GHG	Solid waste	Water pollutants	Soil pollutants	Disturbances	Biological alterations/interference
Conventional generation		●	●	●	●	●	●	●	●	●	●	
Renewable generation	Onshore wind			●				●	●	●	●	●
	Hydro	●		●	●			●	●	●	●	●
	Photovoltaic	●		●				●	●	●	●	●
Electricity transport and distribution	Overhead power lines			●				●	●	●	●	●
	Underground power lines			●				●	●	●	●	
	Substations			●		●		●	●	●	●	
Storage	BESS			●				●	●	●	●	

● HIGH ● MEDIUM ● LOW

BESS: Battery Energy Storage System

EDP'S Direct Potential Impacts On Impact Drivers Of Biodiversity Loss – Description

Resource use:

The energy sector has traditionally placed significant pressure on natural resources, particularly through the operation of thermal and combined-cycle plants, which require substantial water volumes and fossil fuels. As EDP continues to phase out these technologies, the associated resource intensity is diminishing. While renewable energy also requires materials for turbines, panels and storage systems, its overall resource footprint is considerably lower.

Land-use change:

Energy infrastructure projects often require land transformation. Conventional generation occupy large industrial footprints, while renewable projects—such as wind and solar—can fragment habitats and alter ecological corridors. Transmission lines and substations introduce linear clearings that may disrupt connectivity, and battery storage facilities add localized pressure on land that could previously have a natural or agricultural use. These changes can lead to habitat loss and reduced ecosystem integrity.

Climate change:

Conventional generation contributes to GHG emissions, while substations release SF₆ (Sulfur hexafluoride).

Pollution:

Despite being increasingly reduced by the implementation of the best available techniques, pollution is also a driver of environmental impact across technologies. Thermal and combined-cycle plants emit air pollutants such as NO_x, SO₂, and particulate matter, alongside thermal discharges to aquatic ecosystems. Renewables, while cleaner in operation, generate end-of-life waste from blades, panels, and batteries. Transmission assets pose risks of soil and water contamination from insulating oils, and battery systems require careful management to prevent hazardous waste and leachates. Disturbances to local communities are also an issue to manage.

Biodiversity:

Energy infrastructures can cause biological alterations and interferences that directly affect ecosystems and species. These include collisions and electrocutions of birds and bats in wind farms and overhead power lines, as well as disturbances to vital functions such as feeding, breeding, and migration. Additionally, construction and maintenance activities can facilitate the introduction of invasive species, which destabilize ecosystems and reduce native biodiversity.

EDP's Direct Potential Dependencies On Ecosystem Services – Assessment

The table below summarizes the identification of EDP's direct potential dependencies on nature, structured by ecosystem service and by activity.

		ECOSYSTEM SERVICES									
		PROVISIONING SERVICES		REGULATION AND MAINTENANCE SERVICES							
ACTIVITY		Water supply	Other provisioning services	Flood control	Global climate regulation	Water purification	Soil and sediment retention	Rainfall pattern regulation	Storm mitigation	Water flow regulation	Other regulation and maintenance services
Conventional generation	Combined cycle	●	●	●	●	●		●	●	●	●
Renewable generation	Onshore wind		●		●		●		●		
	Hydro	●		●	●	●	●	●	●	●	●
	Photovoltaic	●	●	●	●		●		●		
Electricity transport and distribution	Overhead power lines						●		●	●	
	Underground power lines						●			●	
	Substations			●	●		●		●	●	
Storage	BESS			●			●			●	

● HIGH ● MEDIUM ● LOW

BESS: Battery Energy Storage System

EDP's Direct Potential Dependencies On Ecosystem Services – Description

Water supply:

Some energy generation processes depend significantly on water availability. Thermal and combined-cycle plants require significant volumes for cooling, while hydropower depends entirely on river flow and reservoir levels. Even renewable technologies such photovoltaic plants have water needs for processing and maintenance. Disruptions in water supply can directly affect generation capacity and operations continuity.

Other provisioning services:

Refer to physical resources and raw materials directly used in operations. For conventional thermal plants, this includes fossil fuels and minerals for infrastructure; renewable depends on rare earth elements for equipment.

Flood control:

It is critical for infrastructure resilience. Thermal assets, hydropower facilities, and substations are particularly vulnerable to flooding events, which can damage assets and interrupt electricity production.

Global climate regulation:

All energy technologies depend on stable climate conditions for predictable resource availability and infrastructure performance. Climate regulation services provided by forests, soils, and oceans mitigate greenhouse gas concentrations, reducing the severity of climate-related risks such as heatwaves, droughts, and storms that can compromise generation and grid reliability.

Water purification:

Clean water is essential for cooling systems. Hydropower generation is particularly sensitive to water quality, as sedimentation and pollutants can reduce turbine efficiency and increase maintenance costs.

Soil and sediment retention:

Stable soils prevent erosion that can undermine foundations for wind turbines, transmission towers, and substations. Hydropower reservoirs also depend on sediment control to maintain storage capacity and avoid costly dredging.

Rainfall pattern regulation:

Renewable generation, especially hydropower, and onshore wind, depends on predictable rainfall patterns to sustain water flows and wind regimes.

Storm mitigation:

Energy technologies depend on storm mitigation services to reduce damage and maintain reliability. Coastal ecosystems like mangroves and wetlands protect offshore wind farms and transmission lines from storm surges, while vegetation and soil systems help solar plants prevent flooding and erosion during extreme weather.

Water flow regulation:

Power systems depend on water flow regulation to ensure efficiency and prevent damage. Hydropower relies on stable river flows to maintain generation capacity, while thermal plants need consistent water availability for cooling.

EDP's potential Risks & Opportunities from impacts

The table below provides a qualitative listing of EDP's potential nature-related risks and opportunities, derived from the impact and dependency assessment and structured by key drivers of biodiversity loss and ecosystem services

Impact	Impact Driver	Description	Risks/ Opportunities
Resource use	Use of water	Impacts on water availability and quality, including altered flows, non-compliant discharges, decommissioning practices, and high freshwater demand (e.g. electrolysis).	Risks
	Use of other resources	Consumption of non-water natural materials, creating supply chain risks such as resource scarcity, soil degradation, habitat loss, and depletion of natural assets.	Risks
Land/fresh water/ocean use change	Use of freshwater ecosystems	Interaction with rivers, lakes, and reservoirs. Linked to risks such as disruption of river connectivity, failure to maintain ecological water flow, and changes in sediment passage. At the same time, it includes opportunities related to the multi-use value of hydropower reservoirs.	Risks and Opportunities
	Use of terrestrial ecosystems	Land occupation and alteration from facilities, potentially causing deforestation and habitat conversion. It is linked to risks such as habitat loss, non-compliant asset development and operation, increasingly restrictive regulations to protect ecosystems, and insufficient community consideration. Opportunities include optimized land use, urban installations, and land-use synergies.	Risks and Opportunities
Climate Change	GHG emissions	Greenhouse gas emissions from operations, creating compliance and leakage risks in substations, while offering opportunities through efficiency gains and clean technology deployment.	Risks and Opportunities
Pollution	Atmospheric pollutants non GHG	Emissions of air pollutants from operations, posing regulatory risks and offering opportunities through reuse of by-products and cleaner energy solutions.	Risks and Opportunities
	Solid Waste	Generation and management of waste, with risks from inadequate handling and opportunities linked to circular economy practices.	Risks and Opportunities
	Water Pollutants	Release of contaminants into water bodies, including non-compliant risks from oil leaks and water contamination incidents.	Risks
	Soil Pollutants	Soil contamination from operations, such as Polychlorinated Biphenyls (PCBs)-related oil spills, delayed remediation, and soil restoration needs after decommissioning.	Risks
	Disturbances	Environmental disturbances from operations, including wildfire ignition, noise and light pollution, landscape alteration, waste incidents, and community impacts.	Risks
Biodiversity	Biological alterations/ interference	Impacts on species and ecosystems, including habitat degradation, aquatic disruption and stricter fauna protection requirements; opportunities arise from eco-sensitive design, conservation actions, and low-carbon solutions.	Risks and Opportunities

EDP's potential Risks & Opportunities from dependencies

The table below provides a qualitative listing of ED's potential nature-related risks and opportunities, derived from the impact and dependency assessment and structured by key drivers of nature loss and ecosystem services

Dependency	Ecosystem service	Description	Risks/ Opportunities
Provisioning services	Water Supply	Dependence on water availability and quality for operations, with exposure to water stress, scarcity, and declining water quality that may affect operational continuity and efficiency.	Risks
	Other provisioning	Dependence on raw materials and critical inputs, with risks related to resource scarcity, supply chain disruption, and cost volatility.	Risks
Regulating and maintenance services	Flood control	Dependence on natural flood regulation processes, which can be weakened by soil sealing and land-use change, increasing flood exposure.	Risks
	Global Climate Regulation	Dependence on stable climate conditions supported by healthy ecosystems; risks from ecosystem degradation and extreme weather, with opportunities linked to decarbonization and climate-stabilizing solutions.	Risks and Opportunities
	Water purification	Dependence on ecosystem-driven water filtration; ecosystem degradation may reduce water quality, increasing treatment costs and operational risk.	Risks
	Soil and sediment retention	Dependence on soil stability to prevent erosion and landslides; degradation can threaten infrastructure integrity and safety.	Risks
	Rainfall pattern regulation	Dependence on natural systems that regulate rainfall patterns; ecosystem degradation and deforestation can lead to increased variability and unpredictability.	Risks
	Storm mitigation	Dependence on ecosystems that buffer storm impacts; degradation reduces protection and increases asset vulnerability.	Risks
	Water flow regulation	Dependence on natural regulation of river flows; degradation may constrain operations through reduced availability or stricter ecological flow requirements.	Risks



2. Measure

Setting biodiversity-related metrics at the project level is essential, as it provides valuable insights of the status and impacts of EDP's assets. Establishing baseline and selecting operational targets begins with early risk screening and continues through environmental impact assessments and specific studies, followed by performance monitoring during construction, operation, and decommissioning phases. **It is a lifecycle approach, focused on nature-related risks.**

Managing this wealth of information is a challenge in itself, given the scale of the organization's portfolio and the geographical dispersion of its assets. For this reason, EDP is committed to **continuously improving its monitoring and measurement processes** to reach global conclusions and quantify biodiversity impacts consistently and rigorously, in line with the Group's ambition to pursue to a long-term positive contribution.

In this context, EDP is working to deepen its understanding of the actual impacts of its activities by developing and refining metrics such as land-use change, ecological status, water consumption in water-stressed areas and impacts on sensitive areas, among others. These indicators, aligned with **TNFD and ESRS/CSRD requirements**, will be reported in EDP's Integrated Annual Report, ensuring transparency and comparability across operations.

Moreover, EDP is further advancing its insight of how its activities affect vegetated areas, with the aim of establishing a solid basis for quantifying actual impacts and, in turn, informing future corporate actions.

In addition to impact indicators, EDP is also developing **financial risk-related metrics** to capture the economic implications of nature-related constraints. These include increased costs due compensatory measures, delays in project schedules due to environmental constraints, and energy losses associated with wind turbines shutdown to avoid birds fatalities, among others. By integrating these metrics, the organization aim to strengthen its ability to anticipate and manage nature-related financial risks across the lifecycle of its assets.

To support this effort, EDP is strongly investing in digitalization and in the development and use of tools such as Geographic Information Systems and environmental footprint calculators, enhancing data quality and consistency across the Group.

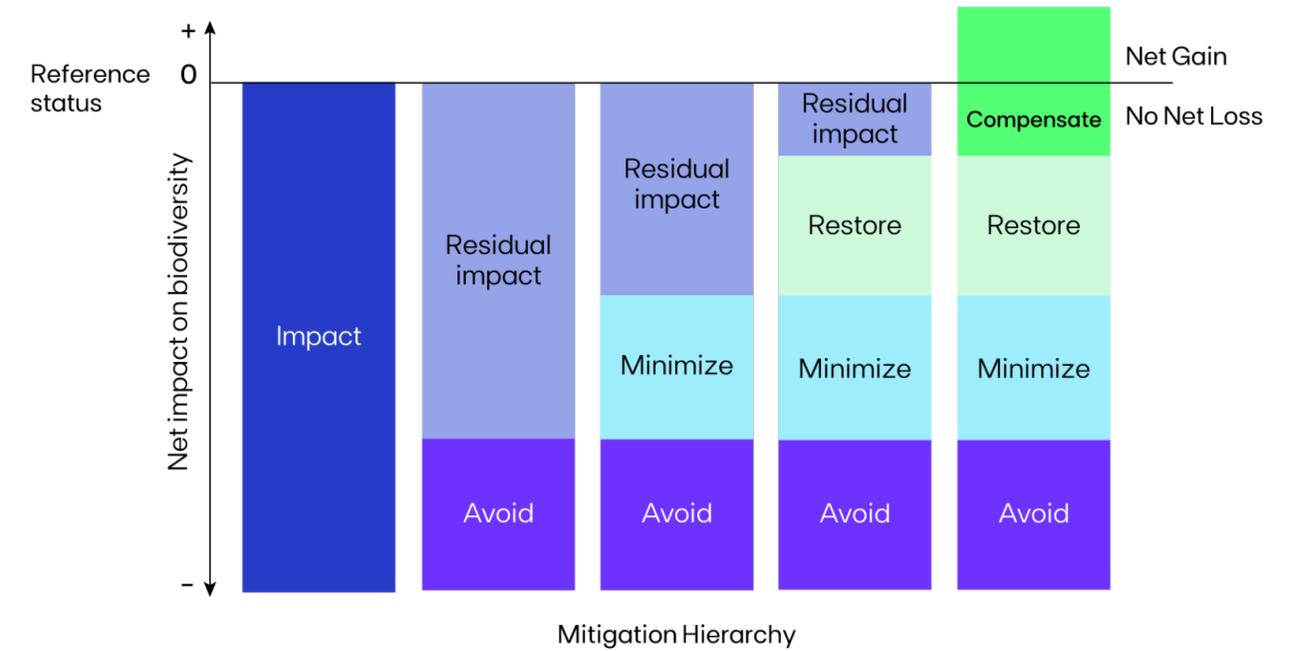
3. Act

Taking action is key to achieving tangible results. Guided by the Group’s biodiversity ambition to pursue a positive balance in the long term, and by the specific commitments set for 2028, EDP employees take daily actions and initiatives that contribute to this goal.

Starting point: the mitigation hierarchy

At EDP, the fundamental basis for action is the mitigation hierarchy. It is at the foundations of biodiversity management to enhance the ecological conditions and adapt to market dynamics and changes in local environments. It guides the company to go beyond what is strictly required, aiming to contribute to no net loss and a long-term positive contribution in future projects:

- **avoids:** take actions to eliminate impacts since early design phase, through a careful selection of the site or period in which to establish the infrastructure. Additionally to core commitments EDP will not develop projects in **UNESCO World Heritage sites**.
- **minimizes:** actions taken to reduce the duration, intensity and/or extent of impacts that cannot be completely avoided.
- **restores/rehabilitates:** after the construction phase, the sites are properly restored and rehabilitated, namely by bringing construction areas, temporary accesses, etc, back to their natural state.
- **compensates/offset:** when the previous phases have not proven sufficient to eliminate the project’s negative impacts on local biodiversity, measures are implemented to address significant adverse residual impacts, with the objective of achieving a positive balance for biodiversity in the long term.



4. Track

Tracking is a critical component of EDP's biodiversity strategy, enabling the organisation to assess progress on how ecosystems **respond, recover or degrade** in relation to its activities. It also supports **accountability and continuous improvement** by embedding biodiversity performance into decision-making processes.

EDP has long-standing systems in place to collect environmental performance data across both the construction and operation phases of its projects. These processes are supported by a robust data collection and validation framework, aligned with recognised international standards, including **ISO 14001-certified environmental management systems**, and widely used sustainability reporting frameworks such as the Corporate Sustainability Reporting Directive (CSRD), Carbon Disclosure Project (CDP), and the Dow Jones Sustainability Index (DJSI). This alignment ensures consistency, traceability and reliability in environmental management, disclosure and external reporting.

As biodiversity has become a strategic pillar—and as the focus increasingly shifts towards contributing to long-term positive outcomes—EDP is further evolving its approach. Current efforts focus on:

- Connecting data sources across different business areas and regions,
- Estimating the environmental footprint of its assets, and
- Collecting and quantifying project-level initiatives that contribute positively to nature.

These efforts form part of a broader initiative to develop a comprehensive Biodiversity Tracking System, combining IT tools and standardised processes to support scalable data management, improve data traceability and link initiatives to relevant metrics, thereby strengthening the robustness of biodiversity conservation and ecosystem restoration reporting.

A key enabler of this transformation is the **digitalization and implementation of internal systems** that connect operational data with standardized environmental performance indicators, in an automated, integrated, and accessible manner. These systems are designed to support decision-making and continuous improvement, ensuring that biodiversity performance is embedded into both operational and strategic processes.



Governance

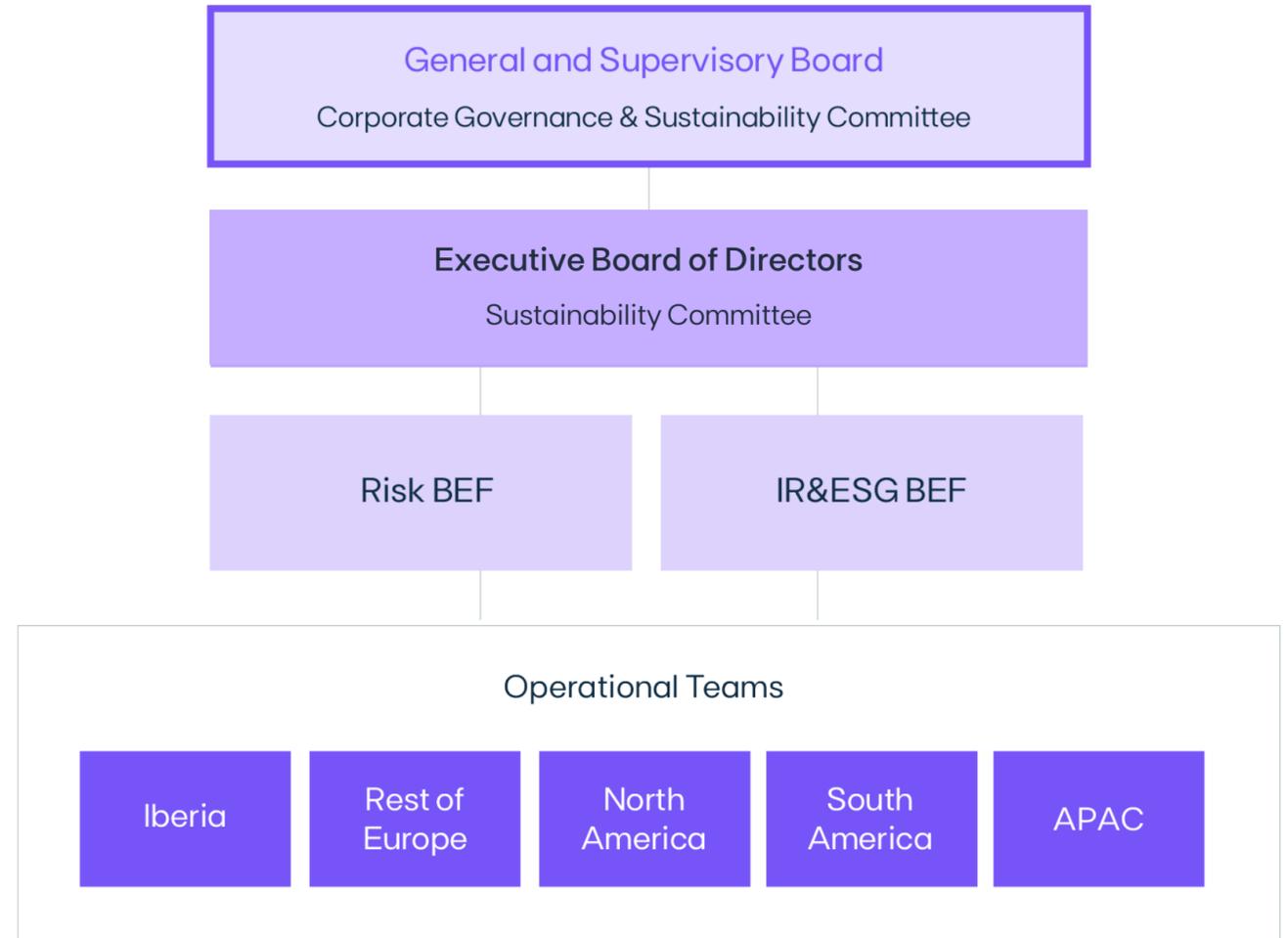
The governance model for nature follows EDP’s overall ESG governance framework, ensuring effective oversight of nature issues through the Corporate Governance and Sustainability Committee, part of the General and Supervisory Board.

At the executive level, the Executive Board of Directors (EBD) is responsible for approving and monitoring ESG policies, strategy, and targets, supported by a Sustainability Committee. This committee, chaired by the CFO and coordinated by the IR & ESG team, brings together corporate offices managing specific ESG topics, ensuring alignment and accountability.

Within its remit, the EBD approves the Environmental Policy, fully integrating it into the Group’s governance framework. The policy becomes effective upon approval by the EBD and is reviewed every three years, or earlier if required by changes in external context or strategic priorities.

The ESG team oversees the implementation of this policy and the corporate Environmental Management System, including data consolidation, performance monitoring, and guidance for initiatives across operational teams. Each operational team is responsible for applying the Environmental Policy within its scope and reporting performance to relevant stakeholders with appropriate frequency and detail.

Finally, the Risk Office maintains EDP’s risk taxonomy, which includes nature-related risks, and supports their assessment and monitoring.



Note: The Business Enablement Functions (BEF) provide global functional leadership and manage their activities end-to-end, aligning objectives, programs, and initiatives while promoting functional excellence across the organization

Acronyms & Glossary

AMAT

Assess, Measure, Act, Track: EDP's internal framework for integrating nature into decision-making and operational processes.

Biodiversity

The variety of living organisms in nature—including genetic diversity within species, the diversity between species, and the diversity of ecosystems—which supports ecosystem resilience and ensures the provision of ecosystem services.

BNG

Biodiversity Net Gain: conservation outcome where the value after a project is measurably greater than the baseline conditions, once all mitigation actions have been applied and residual impacts compensated.

CSRD

Corporate Sustainability Reporting Directive: EU regulation requiring companies to disclose sustainability-related information.

DJSI

Dow Jones Sustainability Index: Global benchmark for corporate sustainability performance.

Dependency

Aspect of environmental assets and ecosystem services that an organization relies on to function.

Double materiality

Concept recognizing that companies impact nature and are also financially exposed to nature-related risks.

ENCORE

Exploring Natural Capital Opportunities, Risks and Exposure: Tool to assess business dependencies and impacts on nature.

Environment

The external physical, chemical and biological conditions surrounding human activities, including natural and human-modified elements, through which a company interacts with, depends on and impacts nature and biodiversity.

ESRS

European Sustainability Reporting Standards: Standards under CSRD for sustainability disclosures.

Impact

A change in the state of nature (positive or negative), whether actual or potential, resulting directly or indirectly from a company's activities or decisions. Direct impacts arise from a company's own operations, while indirect impacts occur through its value chain or external relationships.

Impact Driver

A pressure or activity that causes an impact on nature, such as land-use change, resource use, climate change, or pollution.

ISO 14001

International standard for Environmental Management Systems.

IPBES

Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services, an independent body to provide policymakers with scientific assessments on nature's status, threats, and benefits (ecosystem services), strengthening the link between science and policy for conservation and sustainable development.

Mitigation hierarchy

A sequence of measures to address impacts on nature, prioritising avoidance, followed by minimisation, restoration, and, only as a last resort, offsetting of residual impacts.

Nature

The living and non-living components of the Earth system, including biodiversity, ecosystems, land, water, air and natural processes, that function independently of human activity and underpin ecological integrity and life on Earth.

NbS

Nature–based Solutions: Actions that protect, sustainably manage, and restore ecosystems to address societal challenges.

Nature– positive

Actions or outcomes that result in a net gain for nature compared to a defined baseline, by reducing pressures, restoring ecosystems and enhancing biodiversity or ecosystem services over time.

Nature transition plan

Is an organization's strategic roadmap for shifting its business model and value chain to align with global goals to halt and reverse biodiversity loss (like the Kunming–Montreal Global Biodiversity Framework), detailing specific goals, actions, resources, and governance to manage impacts and dependencies on nature, adapting climate transition planning principles for the nature context.

NNL

No Net Loss: conservation outcome where the negative impacts caused by a project are fully balanced by measurable, equivalent gains, so that the overall value after the intervention is at least the same as before the impact occurred.

Opportunity

A potential positive outcome for the business from actions that protect or restore nature, such as improved resilience or new revenue streams.

Risk

The potential for negative consequences to the business arising from its dependencies or impacts on nature.

SBTN

Science Based Targets for Nature: Initiative providing guidance for setting science–based targets for nature.

TNFD

Taskforce on Nature–related Financial Disclosures: Framework for assessing and disclosing nature–related risks and opportunities.

WBCSD

World Business Council for Sustainable Development: Global organization of businesses working on sustainability.

WWF Risk Filter

Tool developed by WWF to assess biodiversity and water–related risk.



EDP Nature Management Approach Report