



# EDP Green Finance Framework

March 3<sup>rd</sup>, 2022

## Contents

1. Introduction.....	3
2. EDP’s Sustainability Strategy .....	4
2.1 EDP’s sustainability path.....	4
2.2 EDP’s sustainability goals .....	5
2.3 EDP’s commitment to the UN’s Sustainable Development Goals (SDGs).....	6
2.4 EDP’s alignment with the EU Taxonomy Regulation .....	7
3. Green Finance Framework.....	7
3.1 Rationale for Green Financing.....	7
3.2 Basis of the EDP Green Finance Framework .....	8
3.3 Scope .....	8
3.4 Use of Proceeds .....	9
3.5 Process of project evaluation and selection .....	9
3.6 Management of Proceeds .....	10
3.7 Reporting.....	11
Allocation Reporting.....	12
Impact Reporting .....	12
4. External Review .....	12
4.1 Pre-issuance verification: Second Party Opinion.....	12
4.2 Post-issuance verification: Limited Assurance on the Allocation Reporting .....	12
Annexes.....	14
Annex 1: Sustainability strategy .....	14
Annex 2: Evaluation criteria .....	18

## 1. Introduction

EDP – Energias de Portugal (“EDP”) Group’s vision is to be a global energy company, leading the energy transition to create superior value. EDP began as a domestic utility in Portugal in 1976. In 2021, EDP is a multinational utility, vertically integrated throughout the whole value chain of electricity and in the gas supply activity as well, present in 28<sup>1</sup> markets across Europe, the Americas, Africa, and Asia, with a focus on renewable energy generation and more than 12,000 employees. The Group, through its subsidiary EDP Renováveis, S.A. (“EDPR<sup>2</sup>”) is a global leader in the renewable energy sector and the world’s fourth largest wind energy producer<sup>3</sup>. As of December 2021, EDP holds the majority of EDPR, with a 75 per cent stake. EDPR develops and operates renewable energy generation in 26 markets across Europe, North and Latin America and, more recently, in the Asia-Pacific region with the expected Sunseap acquisition.

According to the IEA<sup>4</sup>, the world is facing unprecedented challenges, with an estimated increase of 4°C in temperature this century; world population reaching 10 billion people by 2050 (+25% vs. today); up to 2.5m sea level rise, threatening >600 cities by 2100 and up to 1 billion environmental migrants by 2050. As a result, the energy paradigm needs to be reconsidered, to turn a fossil fuel powered economy into a cleaner, affordable, and reliable electrified world. The 2021 International Energy Agency (IEA) Net Zero Report<sup>5</sup> was clear that there is a narrow pathway to fulfill the long-term decarbonization targets, and governments need to strengthen and implement their energy and climate policies: IEA’s Net Zero scenario foresees that, in 2050, two thirds of the energy needs will come from renewable energy sources, versus 12% in 2020, while fossil fuels share needs to decrease from ~78% to ~23%.

Given its portfolio, EDP is well positioned to lead the challenges of the energy transition. EDP has a comprehensive sustainability and transition strategy, with clear targets and progress tracked. EDP aims to become all green by 2030 and coal-free by 2025, while delivering superior value to all stakeholders.

Since 2003, EDP has reported on the company’s ESG performance, in accordance with the Global Reporting Initiative<sup>6</sup> methodology, and today, EDP’s Sustainability Report follows other voluntary regulatory reporting frameworks, namely the Task

---

<sup>1</sup> Including expected Sunseap acquisition

<sup>2</sup> For more details about who we are, see information our website available on: [EDPR](#)

<sup>3</sup> <https://www.edpr.com/en> (extracted in November 2021)

<sup>4</sup> <https://www.iea.org/reports/net-zero-by-2050>

<sup>5</sup> <https://www.iea.org/reports/net-zero-by-2050> - page 57 (extracted in December 2021)

<sup>6</sup> Global Reporting Initiative (GRI) is the independent international organization that helps businesses

Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) and the ESG initiative from the Portuguese Securities Market Commission (CMVM), while being consistent with the requirements of the Sustainable Finance Disclosure Regulation (SFDR).

EDP's transparency and efforts towards society in leading the energy transition have been globally recognized by our stakeholders, with multiple indexes awarding us leadership positions. In 2021<sup>7</sup>, EDP was once again recognized as one of the most sustainable companies, being included, for the 14<sup>th</sup> consecutive year, in the Dow Jones Sustainability Index worldwide and for the 12<sup>th</sup> consecutive year in the European Index, a clear recognition of our commitment to pursue a transparent strategy aligned with the energy transition. Moreover, EDP has a long track record and recognition across all main ESG ratings, such as FTSE4Good Index Series, Stoxx ESG & Sustainability, Indices Euronext V.E<sup>8</sup>.

## 2.EDP's Sustainability Strategy

### 2.1 EDP's sustainability path

Since 2006, the company's board put forward a wide range of changes in the organization on a path towards energy transition, namely on developing a culture of sustainability within the company, extending the company's values defined in 2005 (EDP's Code of Ethics) and translating them into several policies, procedures, and business practices<sup>9</sup>. In that period, EDP's board positioned the company in the journey to anticipate the energy transition. Early on, EDP clearly understood the need to scale up renewables production and become a global player. Since then, EDP has been pursuing a leading strategy in the energy transition.

EDP group's business growth strategy is helping to implement the vision of a society capable of reducing CO<sub>2</sub> emissions, one that demands a more balanced economic growth based on ethics and respect for human rights, and that protects biodiversity, while limiting the exploitation of raw materials.

In 2017, we strengthened our ambition. We endorse eight of the 17 Sustainable Development Goals enshrined in the UN Agenda 2030, namely:

- SDG 5 Gender Equality,
- SDG 7 Affordable and Clean Energy,
- SDG 8 Decent work and economic growth,
- SDG 9 Industries, Innovation, and Infrastructure,
- SDG 11 Sustainable cities and communities,

---

<sup>7</sup> [Sustainability performance](#)

<sup>8</sup> More details are available on our website: [Sustainability performance](#)

<sup>9</sup> EDP's principles are available on [Our Principles](#)

- SDG 12 Responsible consumption,
- SDG 13 Climate Action, and
- SDG 15 Life on land.

In February 2021, EDP announced a strategy update for the 2021-2025<sup>10</sup> period (Strategic Plan). The plan is underpinned by three strategic axes: (i) accelerated and sustainable growth; (ii) future-proof organization; and (iii) ESG excellence and attractive returns. This strategy is further supported by EDP's commitment to decarbonization and sustainability pursuant to its 2030 vision to reach a 100% energy transition EBITDA, based on a 100% renewables generation portfolio, including the addition of more than 50GW of renewable capacity.

## 2.2 EDP's sustainability goals

EDP's sustainability strategy<sup>11</sup> is driven by several commitments through 12 objectives gathered under four categories:

1. Leading the energy transition (four goals)
  - a. Clean generation: decarbonize generation achieving carbon neutrality and compensating residual CO<sub>2</sub> emissions
  - b. Sustainable consumption: Decarbonize consumption and promote low carbon and energy efficiently product and services
  - c. Innovation and digital transformation: Strengthen the focus on four innovation pillars: cleaner energy, smarter grids, storage and flexibility and client solutions, enhanced by a strong digital culture
  - d. Just transition: Promote a just transition by mobilizing renewable energy investments in coal phase-out regions and support workers and communities in a sustainable and economically inclusive way
2. Protecting the environment (three goals)
  - a. Circular economy: Accelerate circularity of our assets and business models, with a particular concern on water management
  - b. Natural Capital: Assess and integrate Natural Capital into our decision-making processes, having biodiversity protection as a main driver
  - c. Adaptation and resilience: Mitigate climate risks and reinforce EDP's resilience to medium and long-term climate effects
3. Engagement with stakeholders with a positive impact (three goals)

---

<sup>10</sup> Available on [Strategic Plan](#)

<sup>11</sup> <http://www.edp.com/en/ambition-2030-targets-2025>

- a. Diversity and wellbeing: Provide a fair and safe workplace at EDP and build upon strong principles of Diversity and Inclusion
  - b. Sustainable business partnership: Apply decarbonization, gender equality and reporting criteria in the selection of materials and services and in the choice of suppliers
  - c. Inclusive communities: Contribute to a better society and local communities' development through continuous social investment
4. A strong governance structure (two goals)
- a. Ethical behavior: Continue to enhance a strong ethical culture internalized in all principles and internal policies
  - b. ESG governance structure: Clearer link of variable compensation to ESG standards and shareholder value, and best practices in remuneration policy

### 2.3 EDP's commitment to the UN's Sustainable Development Goals (SDGs)

Alongside its financial goals, EDP also set concrete ESG goals as part of its sustainable strategy, attending the most material issues, such as climate change, promotion of renewable energies, decarbonization solutions, and innovation and digital transformation, to anticipate the power sector challenges and opportunities.

EDP's €24 billion investment program over the 2021-2025 period impacts on four SDGs of the United Nation's 2030 Agenda.

Detail of Strategic objective and target	SDG impacted/SDG Target	Detail of Strategic objective and target	SDG impacted
- €19bn investment program to deploy 20 GW of renewable capacity until 2025  - Become coal free and carbon neutral by 2030	<b>SDG7 Affordable and Clean Energy/SDG 7.2</b> – by 2030 increase substantially the share of renewable energy in the global energy mix	- To reduce specific CO <sub>2</sub> emissions (scope 1 and 2) by 70% (compared to the levels of 2015)  - To reduce indirect CO <sub>2</sub> emissions (scope 3) by 30%	<b>SDG 13 Climate Action</b>
Invest more than € 3bn in grid modernization and operational excellence in distribution, and superior execution of projects in transmission in Brazil	<b>SDG9 Industries, Innovation, and Infrastructure</b>		
Invest approximately €1bn in client solutions and energy management to promote the decarbonization of consumption and promote low carbon solutions and energy efficiency services	<b>SDG11 Sustainable Cities and Communities</b>		

On top of those four (main) SDGs, EDP pursues a strategy that positively impacts other SDGs, such as:

Detail of Strategic objective and target	SDG impacted
Achieve 35% of gender diversity by 2030	<b>SDG 5 Gender Equality</b>
<ul style="list-style-type: none"> <li>- Invest up to €20m in A2E companies in the period 2021-2025</li> <li>- A2E CSR FUND, granting €2.5m to support energy access projects developed by NGOs and Private Sector</li> </ul>	<b>SDG7 Affordable and Clean Energy/SDG 7.1</b> - By 2030, ensure universal access to affordable, reliable, and modern energy services
Aim for Zero fatalities, as EDP continues to improve its health and safety culture in the Group	<b>SDG 8 Decent Work and Economic Growth</b>

## 2.4 EDP's alignment with the EU Taxonomy Regulation

EDP has been monitoring closely the new/future legislation pieces related to sustainability, including the EU Taxonomy Regulation and its Delegated Acts. Since 2018, EDP has participated in public consultations and is present in several international forums related to sustainable finance. EDP has been working diligently to adapt to the new obligations arising from regulation and, as such, has disclosed information on activities aligned with EU Taxonomy in its Annual Sustainability Report since 2019. EDP has carried out this assessment, well ahead of the deadline outlined by the European Commission, which demonstrates EDP's strong commitment to a transition to zero-carbon and highlights how important the issue is for EDP.

By 2025, EDP has a target to achieve more than 70% of its revenues aligned with the EU Taxonomy (green turnover).

## 3.Green Finance Framework

### 3.1 Rationale for Green Financing

EDP established its first green bond framework in 2018 and has, since then, been a frequent issuer of green bonds. By 2025, EDP targets to have 50% of its funding from sustainable sources, further aligning its sustainability and funding strategies, while contributing to involve the financial sector in the global efforts towards energy transition.

Green Financing Instruments are an effective tool to channel investments to projects that have demonstrated climate benefits and thereby contribute to the achievement of the UN SDGs, as well as the environmental objectives of the European Union. By helping to address the increasing demand for more sustainable investments, EDP has been able to support the growth and development of the green finance market, while diversifying its investor base,



This framework may, from time to time, be updated to reflect changes to the Green Bond and Loan Principles, technological changes, and market and/or regulatory developments, at which time a new Second Party Opinion will be provided on the updated framework.

### 3.4 Use of Proceeds

The net proceeds from the issuance of Green Financing Instruments will be used to finance and/or refinance new and/or existing assets (the ‘Eligible Green Asset Portfolio’) of EDPR, a fully consolidated subsidiary of EDP.

Eligibility Criteria			
ICMA GBP/LMA GLP	Eligible Green Assets	Contribution to UN SDGs	Contribution to EU Objectives and Economic Activity <sup>14</sup>
Renewable Energy	<b>Renewable Energy generation facilities:</b> Wind (onshore and offshore); Solar (PV and CSP)	<p><b>Target 7.2:</b> By 2030, substantially increase the share of renewable energy in the global energy mix</p> <p><b>Target 13.1:</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p>Substantial Contribution to Climate Change Mitigation (Article 10)</p> <p>EU Economic Activities:            (4.1.) Electricity generation using solar photovoltaic technology            (4.3.) Electricity generation from wind power</p>

The Eligibility Criteria are 100% aligned with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act.

EDPR’s corporate purpose of activity is to develop, construct and operate wind (onshore and offshore) and solar power plants (centralized and decentralized) to generate and deliver clean energy. As such, the Eligible Green Asset Portfolio excludes any projects based on fossil fuel and hydro energy production, transmission, distribution, and supply.

### 3.5 Process of project evaluation and selection

Assets (new or existing) will be evaluated and selected based on compliance with the Use of Proceeds as described above.

EDP’s Finance and Sustainability teams, together with EDPR representatives, and all together as part of the Sustainable Finance Working Group, are responsible for the governance of this Green Finance Framework and assess, at least annually, the process of evaluation and selection of Eligible Green Assets, proceeds

---

<sup>14</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending regulation (EU) 2019/2088.

allocation and reporting. The proceeds allocation and reporting, which is included in the Sustainability Report, is: (i) approved by EDP's Executive Board of Directors; and (ii) presented on an annual basis to the Corporate Governance and Sustainability Committee of EDP's General and Supervisory Board.

In addition to ensuring that the assets financed and/or refinanced through the Green Finance Instrument proceeds under this framework are evaluated and selected based on compliance with the Eligibility Criteria, EDP complies with applicable national, European and international environmental and social standards and regulations (including, amongst others, the United Nations Principles for Human Rights and the ILO core labour conventions), to ensure a stringent management of potential negative environmental and social impacts associated with the Eligible Green Assets.

Furthermore, the Eligible Green Assets do not significantly harm any of the remaining environmental objectives laid out by the EU (adaptation to climate change; sustainable use and protection of water and marine resources; transition to a circular economy; prevention and control of pollution; protection and restoration of biodiversity).

Moreover, EDP's projects are also subject to Environmental, Social and Governance (ESG) standards that are defined in EDP's Environmental and Social Policies (please refer to Annex 2 for more details). EDP is well positioned to address environmental risks associated with the projects in accordance with its Environmental Policy. Based on this policy, since 2008, EDP has a third-party certification, by Lloyds, of its corporate management system, according to ISO 14001:2015. The Environmental Management System (EMS) has the following scope: "corporate management of the policies, commitments and environmental impacts performance of the EDP Group worldwide". As of 2020, 94% of EDP's activities were covered, as well as 100% of EDPR's<sup>15</sup>.

### 3.6 Management of Proceeds

The net proceeds of Green Financing Instruments issued by EDP will be managed on a portfolio basis, by EDP's Treasury team. Proceeds will be used for (re)financing the Eligible Green Asset Portfolio, which includes new and existing projects delivering positive environmental impact. Management of proceeds will be validated by the Sustainable Finance Working Group.

Eligible Green Assets will be included in the portfolio at their current IFRS balance sheet value, which will be updated annually to reflect investment and depreciation under IFRS and will qualify for refinancing without a specific look-back period.

---

<sup>15</sup> For more details please see [EDP Sustainability Report](#), [EDP Website](#) and [EDPR website](#)

By applying the book value to the Eligible Green Assets, proceeds will not be allocated to portions of assets already depreciated, nor will there be overlap between financing instruments for the same asset.

Additionally, Eligible Green Assets will also include acquisitions of companies and equity participations in entities substantially active in any of the categories described in the table above. Only the pro-rated share (%) of the acquisition / participation that is dedicated to those categories is considered as eligible. These acquisitions and participations<sup>16</sup> will be compliant with the requirements stated in this framework.

EDP will strive, over time, to achieve a level of allocation for the Eligible Green Asset Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Financing Instruments. This includes reallocating proceeds to other assets within the available portfolio from assets that have been sold meanwhile.

Net proceeds from a Green Financing Instrument are expected to be fully allocated within 24 months from the issue date. Whilst any Green Financing Instruments net proceeds remain unallocated, EDP will hold and/or invest, at its own discretion, in its treasury liquidity portfolio (in cash or cash equivalents), or in reimbursement/purchase of existing debt, the balance of net proceeds not yet allocated to the Eligible Green Asset Portfolio.

EDP reserves the right to use all or a portion of the net proceeds of Green Financing Instruments to refinance other Green Financing Instruments (in line with the Green Bond Principles recommendations on Buy-Back of Green Bonds).<sup>17</sup>

### 3.7 Reporting

An annual report will be prepared and made available on EDP's website with the status of EDP's Green Finance proceeds allocation, overview of the Eligible Green Asset Portfolio (re)financed with the proceeds of the Green Finance Instruments and its environmental impact, until the full allocation of the outstanding green finance instruments. In the event of material changes further one-off reports can be made available. EDP's Green Finance Instrument proceeds allocation will also be published in EDP's Annual Sustainability Report. As far as practicable, EDP may consider reporting according to EU regulatory templates.

EDP intends to report on the Eligible Green Asset Portfolio on an aggregated basis, per type of renewable asset (i.e., wind assets, solar assets), subject to confidentiality obligations.

---

<sup>16</sup> Participations are limited to projects/assets that comply with the criteria set in this framework

<sup>17</sup> See 2.2.4 of the ICMA GBP Guidance Handbook [here](#)

## Allocation Reporting

The allocation report may include:

- The total amount of Eligible Assets by category;
- The amount and percentage of new and existing assets (financing and refinancing);
- The balance of unallocated proceeds;
- The geographic distribution of the assets, split by country;
- The proportion of the Eligible Asset Portfolio that is UN SDG and EU Taxonomy aligned.

## Impact Reporting

EDP intends to align the Green Finance impact reporting with the approach described in “Handbook - Harmonized Framework for Impact Reporting December 2021”<sup>18</sup>.

The impact report may provide, as far as practical:

ICMA GBP/LMA GLP	Potential impact indicators
Renewable Energy	<ul style="list-style-type: none"> <li>• Installed capacity (MW)</li> <li>• Annual CO<sub>2</sub> emissions avoided (tCO<sub>2</sub>)</li> <li>• Annual production of renewable energy (MWh)</li> </ul>

EDP’s existing green bonds, issued since 2018 under the previous framework, will be reported according to this Framework, to the extent possible.

## 4. External Review

### 4.1 Pre-issuance verification: Second Party Opinion

EDP has appointed Sustainalytics to provide a Second Party Opinion on its Green Finance Framework. The Second Party Opinion and the Green Finance Framework will be made available on EDP’s website at <https://www.edp.com/en/investors/fixed-income/green-funding>.

### 4.2 Post-issuance verification: Limited Assurance on the Allocation Reporting

An independent external party, namely EDP’s external auditors, will verify the internal tracking method and allocation of funds annually until the full allocation of the outstanding Green Finance Instruments.

<sup>18</sup> [ICMA Harmonized Framework for impact reporting](#)



## Annexes

### Annex 1: Sustainability strategy<sup>19</sup>

The table<sup>20</sup> below presents the **key performance indicators** which describes our sustainability strategy, and which **are embedded in the Strategic Plan 2021-25 announced in February 2021**.

ESG categories	Sustainability objectives goals	Sustainable Development Goal (SDG)	2025	2030
1 Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy; SDG11 Sustainable cities and communities; SDG12 Responsible consumption, SDG13 Climate Action and SDG15 Life on land	To be totally coal-free <sup>21</sup>	-
1 Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy; SDG11 Sustainable cities and communities; SDG12 Responsible consumption, SDG13 Climate Action and SDG15 Life on land	To add 20 GW of new capacity (EBITDA and equity <sup>21</sup> ).	To achieve 100% of renewable capacity
1 Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy; SDG11 Sustainable cities and communities; SDG12 Responsible consumption, SDG13 Climate Action and SDG15 Life on land	To implement a renewable CAPEX plan of € 19bn <sup>21</sup>	-
1 Leading energy transition	1.1 Clean generation	SDG7; SDG11 SDG12 SDG13 and SDG15		To achieve energy transition EBITDA 100% <sup>21</sup>
1 Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy and SDG11	To achieve >70% of revenues aligned with EU Taxonomy (Turnover green)	-
1. Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy	To achieve 7 GW of solar capacity	-
1. Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy and SDG13	To reduce specific CO <sub>2</sub> emissions (scope 1 and 2) by 70% (compared to the levels of 2015),	To reduce specific CO <sub>2</sub> emissions (scope 1 and 2) by 98% (compared to the levels of 2015),
1. Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy and SDG13	To reduce indirect CO <sub>2</sub> emissions (scope 3) by 30%	To reduce indirect CO <sub>2</sub> emissions (scope 3) by 50%

<sup>19</sup> According to EDP's Strategic Plan 2021-2025

<sup>20</sup> Source: <https://www.edp.com/en/sustainability/sustainability-strategy> and <https://www.edp.com/en/sustainability/now-or-never>

<sup>21</sup> The interconnection with the SDG is mentioned in the strategic update 2021-2015 on page 29.

ESG categories	Sustainability objectives goals	Sustainable Development Goal (SDG)	2025	2030
1. Leading energy transition	1.1 Clean generation	SDG7 Affordable and Clean Energy and SDG9	To increase storage capacity up to 2.3 GW	-
1. Leading energy transition	1.1 Clean generation/ Innovation and digital transformation	SDG9 Industry, Innovation and Infrastructure <sup>22</sup>	To accelerate the roll-out of smart meters, covering 100% of EDP's low-voltage delivery points in Iberia	To Accelerate the roll-out of smart meters, covering 100% of EDP's low-voltage delivery points in Brazil
1. Leading energy transition	1.2 Sustainable consumption	SDG 11 Sustainable cities and communities	To achieve 26% for the ratio between B2C electricity clients with sustainable services (#) and total B2C electricity clients (#)	-
1. Leading energy transition	1.2 Sustainable consumption	SDG 11 Sustainable cities and communities	To achieve 180k customers with mobility services	-
1. Leading energy transition	1.2 Sustainable consumption	SDG 11	To achieve the installation of 40k electric vehicles charging points	To achieve the installation of 100k electric vehicles charging points
1. Leading energy transition	1.2 Sustainable consumption	SDG 11	To increase EDP's Electric Fleet up >40%	To have 100% of light fleet electric
1. Leading energy transition	1.2 Sustainable consumption	SDG7 Affordable and Clean Energy and SDG13	To achieve 3.7 GW of distributed PV on customers	-
1. Leading energy transition	1.2 Sustainable consumption	SDG7 Affordable and Clean Energy and SDG13	To reduce 15 million tons CO2eq emissions in EDP's clients	-
1. Leading energy transition	1.2 Sustainable consumption	SDG 11 Sustainable cities and communities	To sustain high levels of customer's satisfaction >75%	-
1. Leading energy transition	1.3 Innovation and digital transformation	SDG9 Industry, Innovation and Infrastructure	To invest 2,000 M€ in R&D+I and Digitalization	-
1. Leading energy transition	1.3 Innovation and digital transformation	SDG11 Sustainable cities and communities and SDG 13	To achieve a BitSight rating >=740 in order to improve resilience in IT Infrastructures	-
1. Leading energy transition	1.4 Just transition	SDG8 Decent work and economic growth	To implement just transition plans in all EDP's phase-out coal power plants	-
2. protecting the environment	2.1 Circular economy	SDG8 Decent work and economic growth and SDG 12	To achieve >80% for the recovery of operational waste and dismantlement of solar and wind farms	-
2. protecting the environment	2.1 Circular economy	SDG12 Responsible consumption	To reduce the total operational waste by 85%	-
2. protecting the environment	2.1 Circular economy	SDG12 Responsible consumption	To achieve 85% for the total waste recycled from operations	-

<sup>22</sup> The interconnection with the SDG is made in the [website of EDP](#)

ESG categories	Sustainability objectives goals	Sustainable Development Goal (SDG)	2025	2030
2. protecting the environment	2.1 Circular economy	SDG12 Responsible consumption	To reduce the freshwater consumption by 78%	-
2. protecting the environment	2.2 Natural Capital	SDG11 Sustainable cities and communities and SDG15	Reduce air pollutant emissions (NOx) by 90%	-
2. protecting the environment	2.2 Natural Capital	SDG11 Sustainable cities and communities and SDG15	Reduce air pollutant emissions (SO2) by 85%	-
2. protecting the environment	2.2 Natural Capital	SDG11 Sustainable cities and communities and SDG 15	Reduce air pollutant emissions (particulate) by 75%	-
2. protecting the environment	2.2 Natural Capital	SDG15 Life on land	-	No net loss in all new projects
2. protecting the environment	2.3 Adaptation and resilience	SDG11 and SDG13	Implement plans to adapt to climate change (CC) in all business units (BU)	-
3. engagement with stakeholders with a positive impact	3.1 Diversity and wellbeing	SDG5 Gender Equality	To achieve 30% of gender diversity	To achieve 35% of gender diversity
3. engagement with stakeholders with a positive impact	3.1 Diversity and wellbeing	SDG5 Gender Equality and SDG8 Decent work and economic growth	To achieve 2% of Employees with disabilities	-
3. engagement with stakeholders with a positive impact	3.1 Diversity and wellbeing	SDG5 Gender Equality and SDG8 Decent work and economic growth	To achieve 5% of diversity employees' cultural backgrounds	-
3. engagement with stakeholders with a positive impact	3.1 Diversity and wellbeing	SDG8 Decent work and economic growth	To maintain employees' level of motivation at 80%	-
3. engagement with stakeholders with a positive impact	3.1 Diversity and wellbeing	SDG8 Decent work and economic growth	To have a total severity rate <150	-
3. engagement with stakeholders with a positive impact	3.1 Diversity and wellbeing	SDG8 Decent work and economic growth	To have 0 fatal accidents	To have 0 fatal accidents
3. engagement with stakeholders with a positive impact	3.2 Sustainable partnerships	SDG8 Decent work and economic growth	To achieve 1.55 for the number of work accidents per million hours worked - employees and contractors)	-

ESG categories	Sustainability objectives goals	Sustainable Development Goal (SDG)	2025	2030
3. engagement with STH with positive impact	3.2 Sustainable partnerships	SDG8 Decent work and economic growth	To have 100% Suppliers compliant with ESG	-
3. engagement with STH with a positive impact	3.2 Sustainable partnerships	SDG8 Decent work and economic growth	To achieve 100% for environmental and occupational H&S certification from suppliers exposed to high risks	-
3. engagement with STH with a positive impact	3.2 Sustainable partnerships	SDG8 Decent work and economic growth	To achieve 100% in the process of select, audit and evaluate critical suppliers through sustainability criteria performance	-
3. engagement with stakeholders with a positive impact	3.2 Sustainable partnerships	SDG8 Decent work and economic growth	To have 100% of purchases compliant with Integrity and Human and Labor Rights	-
3. engagement with stakeholders with a positive impact	3.3 Inclusive communities	SDG 8; SDG 11; SDG 13; SDG 15	To achieve 50M€ for invest in communities aligned with SDG.	To achieve 100M€ for invest in communities aligned with SDG.
3. engagement with stakeholders with a positive impact	3.3 Inclusive communities	SDG7 Affordable and Clean Energy and SDG17 Partnerships for the goals	To invest 20M€ in electrical networks/micro-networks for populations without access to energy	-
4. a strong governance structure	4.1 Ethical behaviour	-	To maintain EDP's recognition by Ethisphere	-
4. a strong governance structure	4.2 ESG governance structure	-	To have compensation aligned with ESG standards	-

## Annex 2: Evaluation criteria

Eligible green	Sustainability benefits	EDP's analysis	ESG Criteria
Renewable Energy Projects	Avoidance / reduction of GHG emissions	Alignment with EDP's standards <sup>23</sup>	Environmental issue: environmental management of the project, climate change mitigation, protection of biodiversity and natural resources
			Social issue: respect of human and labor rights, health and safety, stakeholders dialogue and community involvement
			Governance issue: including business ethics and responsible procurement
<p>Projects will be excluded if they:</p> <ul style="list-style-type: none"> <li>• Involve GHG intensive activities; or</li> <li>• Give rise to material litigation relating to ESG issues</li> </ul>			

<sup>23</sup> All projects of EDPR. are subject to EDP's social and environmental standards. EDP's Environmental and Social Policies can be found at: [Our Principles](#)