



# EDP Green Finance Framework

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## 1. Introduction

EDP, S.A. (“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. Currently, EDP is a multinational utility, vertically integrated throughout the whole value chain of electricity and in the gas supply activity as well, with a presence spread across four regional hubs: North America, APAC, Europe, and South America, with a focus on renewable energy generation and more than 12,500 employees. The Group’s business is focused on the development and operation of renewable and networks activities, namely through the following subsidiaries:

- EDP Renováveis, S.A. (“EDPR”), a global leader in the renewable energy sector. As of December 2023, EDP holds the majority of EDPR, with a 71 per cent stake. EDPR develops and operates renewable energy generation across four regional hubs: North America, APAC, Europe, and South America;
- EDP – Gestão da Produção de Energia, S.A., promoting the activity of generation of electricity from renewable sources, mainly hydro;
- EDP España, S.A.U., active promoter of the generation of electricity from renewable sources, primarily focusing on hydro. Additionally, EDP España is dedicated to the supply of electricity;
- EDP Comercial – Comercialização de Energia, S.A., responsible for the electricity supply and related energy solutions services to clients;
- E-Redes – Distribuição de Eletricidade, S.A., the National Distribution Network (“RND” or *Rede Nacional de Distribuição*) concessionaire, which comprises the medium and high voltage (MV and HV), as well as the low voltage distribution networks (LV). These concessions are exercised exclusively through public service concession contracts; and
- Electra de Llobregat Energía, S.L., Hidrocantábrico Distribución Eléctrica, S.A.U., Viesgo Distribución Eléctrica, S.L. and Barras Eléctricas Galaico-Asturias, S.A. – EDP Group companies operating the networks segment in Spain.

According to the International Energy Agency (IEA), the Intergovernmental Panel on Climate Change (IPCC) reported in 2023 that extreme hot temperature events, which would have occurred once every 50 years without human influence, are now approximately five times more likely to happen. In its most recent assessment report, the IPCC concludes that “*the scale of recent changes across the climate system as a whole [...] are unprecedented over many centuries to many thousands of years. There is a rapidly closing window to secure a livable and sustainable future for all.*” Deep, rapid, and sustained cuts in CO<sub>2</sub> emissions to Net Zero can limit future warming, but societies will have to adapt to the effects of the climate change that is already happening<sup>1</sup>.

According to the IEA and its Net Zero Road Map updated in 2023, increasing renewable

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<sup>1</sup> Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – 2023 Update (extracted in January 2025)

energy capacity threefold is crucial for reducing emissions by 2030 in the Net Zero Emissions by 2050 Scenario (NZE Scenario). Advanced economies and China are on track to achieve 85% of the required capacity with current policies, but developing countries need stronger policies and international support. Doubling the rate of energy intensity improvements through efficiency gains and behavioral changes is essential for emissions reductions, energy affordability and security. Further electrification of end-uses, such as electric cars and heat pumps, also significantly contributes to emissions reductions. Cutting methane emissions in the energy sector offers substantial climate benefits, requiring around USD 75 billion in spending by 2030. Emerging technologies like hydrogen and carbon capture will mainly impact emissions after 2030. A Net Zero emissions energy system requires extensive infrastructure expansion, including transmission grids, CO<sub>2</sub> pipelines, and hydrogen infrastructure. Delaying stronger policy actions before 2030 will make it harder to limit global temperature rise to 1.5°C by 2100 and will increase costs significantly.

Aligned with this vision, since 2006, EDP has been pursuing a leading strategy in the energy transition. EDP is committed to leading the energy transition by decarbonizing its operations and promoting renewable energy. EDP aims to be all green by 2030 and reach Net Zero Net Zero emissions by 2040. The company focuses on increasing renewable generation capacity, enhancing energy efficiency, and supporting electrification in transport, buildings, and industry. EDP's strategy includes significant investments in wind and solar energy, electric mobility, and sustainable services, ensuring a climate-positive impact and a greener future for all.

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. EDP achieved its objective of reaching the upper quartile in performance for the ESG ratings established in 2025 by Sustainalytics, S&P Global, FTSE and MSCI. Since 2021, EDP has also been a constituent of the S&P Global Clean Energy Index and is a TOP 10 constituent (as of December 2024)<sup>2</sup>.

It should also be noted that the group has responded to other questionnaires that grant recognition in the areas of climate change and ethics through CDP Climate Change and Ethisphere Institute. EDP is also recognized by Reporting Matters<sup>3</sup> as a global reference for its 2023 Annual Report, highlighting the company's commitment to transparency and excellence in reporting. This recognition underscores EDP's dedication to maintaining high standards of accountability and providing clear, comprehensive information to stakeholders about its environmental, social and governance (ESG) performance.

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<sup>2</sup> More details are available on our website: [Sustainability Performance](#)

<sup>3</sup> Annual evaluation carried out by the WBCSD of the sustainability reports of member companies

## 2. EDP's ESG Strategy

### 2.1 EDP's ESG path

Since 2006, the company's board put forward a wide range of changes in the organization on a path towards energy transition by 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>4</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, "the energy transition" as an external driver shaped EDP's sustainable business model.

- i. EDP's prioritization of investment in renewable generation started in 2006, through the anticipation of major trends in the energy market and the support towards the vision of a society capable of reducing CO<sub>2</sub> emissions by replacing thermal with renewable energy, decentralizing generation, promoting smart grids and energy storage, and encouraging the demand for renewable electricity. We founded EDPR at the end of 2007. EDPR's main activities involve the prioritization of investment in renewable generation, being present in several markets and consolidating our commitments into successive strategic plans.
- ii. In the Business Plan for 2006–2008, we announced that we were channeling around half of our investment into renewables up to 2010 and reducing intensity CO<sub>2</sub> emissions by 20% until 2010 (base year: 2006).
- iii. In our 2009–2012 Business Plan, based on an investment strategy aimed at reducing exposure to CO<sub>2</sub>, we reinforced the commitment for fighting climate change and fixed the 2012 target at 270 gCO<sub>2</sub>/kWh, i.e., 56% lower than the 2005 figure (600 gCO<sub>2</sub>/kWh). In addition, as part of the efforts associated with the Climate Change Conference of 2009 in Copenhagen, EDP set up an additional voluntary target of reducing its Scope 1 specific emissions by 70% over the values of 2008, i.e., 120 g/kWh.
- iv. In 2015, EDP embraced the goals of the Paris Agreement at the Paris Climate Change Conference (COP 21) in December and assumed the electric sector's key role in the transition to a low-carbon economy.
- v. Ramping up the commitment to reduce emissions and to align our business strategy with the aim to limit global temperature rise to 1.5°C, EDP incorporated in its Updated Strategic Plan 2021–2025 the ambitious goals to be coal-free by 2025 and carbon neutral by 2030, supported by a strong investment in acceleration of renewables installed capacity, smart grids, and decarbonized services for our customers.
- vi. Under the Updated Strategic Plan 2023–2026, EDP has further reinforced its ambition to reach Net Zero by 2040 by including Scope 3 emissions in its targets. With a new baseline year set for 2020, EDP aims to reach net-zero greenhouse emissions across

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<sup>4</sup> EDP's principles are available on [Our Principles](#)

the value chain by 2040, with ambitious mid-term targets by 2030. These targets have been approved by SBTi under the Net Zero Standard.

## 2.2 EDP's ESG strategy

In March 2023, EDP held a Capital Markets' Day (2023 CMD) to announce its Business Plan for 2023–2026, a plan aimed at reinforcing EDP's leading position in the energy transition, creating superior value to stakeholders. The main targets of this plan are presented below, some of which were updated in May 2024 to accommodate changes in market conditions, namely lower electricity prices and a higher interest rate environment for longer than what was foreseen at the time of the 2023 CMD. As such, by the time of its 1st quarter 2024 results presentation<sup>5</sup>, EDP informed stakeholders about a 2024–2026 plan update, highly focused on capital optimization and on the robustness of EDP's balance sheet, namely through a deceleration of investment, with €17 billion of gross investments targeted over 2024–2026, reviewing renewables capacity deployment to ~3 GW per year, totaling ~6.1 GW of gross additions until 2026, aiming at a total renewables installed capacity of ~23 GW by 2026:

- Deploy €17 billion of gross investments between 2023–2026, of which ~€13.6 billion (80%) in Renewables and ~€3.4 billion (20%) in Electricity Networks, which represents an average annual gross investment of ~€5.6 billion;
- Diversify further the Group's business portfolio by market and business, with high weight of regulated and long-term contracted revenues driving growth of EBITDA and Net Profit in the current market context;
- Re-state the EDP Group's commitment to be coal free by 2025 and to have 100% renewables generation by 2030, with a Net Zero emissions target by 2040 (SBTi approved);
- Execute a tender offer aimed at the delisting of EDP's 56.05% owned listed subsidiary EDP Brasil, with the objective of simplifying the corporate structure and in alignment with its equity story focused on Renewables and Electricity Networks. The tender offer and de-listing of EDP Brasil were successfully executed in 2023 and funded with a ~€1 billion capital increase at EDP (detailed under separated market announcements);
- Launch a ~€1.0 billion capital increase at EDPR to support the growth plan, which was successfully executed in 2023 (detailed under separated market announcement);
- Maintain a solid balance sheet supported by organic Cash Flow and Asset Rotation, reiterating EDP's BBB credit rating commitment and reaching an FFO/Net Debt of 20% in 2026;
- Reach recurring EBITDA of ~€5.0–5.1 billion by 2026, with a 3% CAGR in 2022–2026 and Recurring net income ~€1.2–€1.3 billion by 2026, with 10% CAGR 2022–2026;
- Implement a new dividend policy, with target pay-out ratio between

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<sup>5</sup> [Updated EDP Business Plan 2024–2026](#)

60–70% and an increase in the dividend floor to €0.20 per share in 2026; and

- Achieve 95% of CAPEX aligned with the EU Taxonomy in 2026.

Overall, this plan represents a clear commitment to decarbonize for a climate-positive world with four main drivers: i) empower our communities for an active role in the transition; ii) protect our planet and contributing to its regeneration; iii) engage our partners for an impactful transformation; and iv) foster a strong ESG culture protecting and empowering human life, with the goal of 0 fatal accidents.

## 2.3 EDP's ESG goals

In the table below we present our ESG commitments gathered under five categories:

Ambition	Goal	2024	Goal 2026	Ambition 2030
<b>Decarbonize:</b> for a climate-positive world	SBTi: Scope 1 + Scope 2, gCO <sub>2</sub> e/kWh (% vs., 2020) <sup>6[1]</sup>	29 (-81%)	36 (-77%)	8 (-95%)
	SBTi: Scope 3, MtCO <sub>2</sub> , (% vs., 2020) <sup>7[1]</sup>	9.5 (-1%)	n.a.	~6M (-45%)
	Renewables generation, %	95%	93%	100%
<b>Communities:</b> Empowering our communities for an active role in the transition	Global investment in communities, cumulative <sup>7[2]</sup> , €m	116.7m	~€200 m	>€300 m
	Social impact investment beneficiaries <sup>7[3]</sup>	2m	20m	>30 m
	New hires, number	950	>3,000	>6,500
<b>Planet:</b> Protecting our planet contributing to its regeneration	Total recovered waste <sup>7[5]</sup> , % per year	87%	90%	>90%
	Projects with Net Gain Biodiversity tracking system, %	30%	100%	100%
<b>Partners:</b> Engaging our Partners for an impactful transformation	Suppliers compliant with ESG Due Diligence <sup>7[6]</sup> , %	662%	100%	100%
	Purchases volume aligned with EDPR ESG goals, %	59%	90%	>90%
<b>ESG Culture:</b> A strong ESG culture protecting	Fatal accidents, number	6	0	0

<sup>6</sup> [1] 2020 as base year; [2] Accumulated OPEX 2021-2030. Includes voluntary & mandatory investment + management costs; [3] Accumulated 2021-2030. Includes direct and indirect beneficiaries & A2E clients; [4] Excludes transversal training; [5] Includes construction, operational and dismantling phases and considers the change in EDPs technology mix; [6] Purchases > 25k€

and empowering human life	Women employees, %	29%	31%	35%
	Women employees in leadership, %	26%	31%	35%
	Employees receiving ESG training, %	100%	70%	90%

## 2.4 EDP's NetZero action plan

According to the IPCC and its updated 2023 Net Zero Roadmap, the electricity sector is the first to reach Net Zero emissions, creating opportunities for electrification in other sectors to further drive down emissions. The first of four key milestones for the electricity sector in the NZE Scenario is the tripling of global renewables capacity by 2030 from the 2022 level of 3,630 GW. The second key milestone is the doubling of grid investments by 2030, with global annual investment in grids reaching USD 680 billion and remaining high through to 2050. Nearly 70% of this investment is allocated to distribution grids, aiming to expand, strengthen, and digitalize networks. The third key milestone is a 95% reduction by 2040 in the unabated use of fossil fuels to generate electricity, including the complete phase-out of unabated coal<sup>7</sup>.

As a leading global player in the energy sector, EDP is working to decarbonize its business for a climate-positive world. EDP has a 20-year track record in the energy transition, and we are working every day towards Net Zero.

EDP was one of the first power sector companies worldwide with a strategy aligned with the necessary CO<sub>2</sub> emissions' reduction trajectory required by the Paris Agreement. This ambition was supported by the reduction of EDP's thermal generation in recent years and an increasing energy generation from renewable sources.

EDP's Climate Transition Plan<sup>8</sup> sets a baseline of such EDP's strategy for this decade, reinforcing our commitments by clarifying the challenges that must be met and the road we need to follow to curb all our sources of direct and indirect emissions and activate the right levers to achieve our targets, while managing climate risks and transparently reporting our progress towards Net Zero.

EDP Business Plan for 2023–2026, which supports this Climate Transition Plan, provides the level of investment and strategic decisions built upon the path EDP already started and cementing its Net-Zero decarbonization path.

Downstream, EDP offers its customers low carbon energy solutions and promotes technological innovation to accelerate the climate transition, contributing to the electrification of consumption and energy efficiency improvement and to overcome the main barriers still existent along this challenge path.

In this context, EDP's decarbonization targets will be achieved through three key milestones:

<sup>7</sup> [Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach – 2023 Update](#)

<sup>8</sup> [EDP Climate Transition Plan](#)



### **1<sup>a</sup> Zero Thermal generation (reductions of scope 1 emissions)**

The cornerstone of EDP's decarbonization path lies in the ambition for clean generation. In 2020, over 50% of EDP's emissions came from thermal generation and the goal is to reduce these emissions to zero by 2030. For that, EDP plans to execute the progressive decommissioning of the Group's coal-fired power plants by 2025. The first step of this plan was carried out during 2020 with the decommissioning of Sines' coal plant, ceasing EDP's coal generation in Portugal. In December 2023, EDP concluded the disposal of 80% of the Pecém coal power plant in Brazil and agreed to a 50%/50% partnership in the Aboño coal plant in Spain (deconsolidated in December 2023). Also in 2023, EDP moved forward with the authorization request from the electricity system operator (Red Eléctrica) to close Aboño I coal plant, as well as EDP's last remaining coal plants in Spain (Soto 3 and Los Barrios). Aboño II is expected to be converted into a gas-fired power plant by middle of 2025, guaranteeing the security of the electric system in the Asturias region.

### **2<sup>a</sup> Increase renewable generation and Distribution power losses emission reduction (reductions of scope 2 emissions)**

EDP plans to **invest €17 billion in renewables and networks between 2024–2026**, adding +3 GW of renewables per year. Today, 87%<sup>9</sup> of EDP's installed capacity is of renewable origin. EDP intends to reach Net Zero emissions by 2040.

Electricity networks are at the core of energy transition by enabling stable and secure supply, on-time RES connection, and supporting increasing electrification. However, they are not without climate impact. Distribution power losses represent almost 100% of EDP's scope 2 emissions (typical for integrated utilities), and even if the level of emissions is highly dependent on the energy mix of the geography where those networks operate, EDP has direct action plans to tackle these emissions:

- continuous asset renewal contributing to a reduction of technical losses
- specific technical losses reduction investment
- grid optimization investment through digitalization and innovation (e.g., smart meters, smart grids, automation)

### **3<sup>a</sup> Scope 3 emissions reduction**

EDP is committed to ensuring green procurement from all suppliers, actively engaging and supporting them in this endeavor. To achieve this, EDP is incorporating contractual clauses that require the disclosure of the carbon footprint of the products we purchase and expanding the evaluation scope of suppliers based on their climate objectives and performance.

Additionally, EDP is addressing the generation–retail imbalance by providing our customers with low-carbon electricity. This is achieved through investments in Power Purchase

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<sup>9</sup> [ESG Report 2024](#)

Agreements (PPAs) for renewable supply to clients and covering part of the client's portfolio with Energy Attribute Certificates (EACs), such as Renewable Energy Certificates (RECs) or Guarantees of Origin (GO).

EDP is also focused on reducing emissions from the use of sold products, particularly in gas retail, by promoting the electrification of energy consumption.

## 2.5 EDP's Just Energy Transition

While EDP is focused on achieving its decarbonization targets, EDP ensures a just transition for the community and its employees.

The company's social investment strategy prioritises projects related to Fair energy transition, since the company operates in a sector directly related to it and these are relevant issues for local communities. For example, EDP develops skills development and entrepreneurship support projects aimed at communities affected by the closure of thermal power stations or where new energy production centres will be installed, thus promoting job creation and the integration of more vulnerable people into the labour market, especially green jobs.

Within Fair Energy Transition, EDP develops social projects across 6 main pillars that drive valuable global alignment:

- Solar energy projects – implementation of solar panels to bring the benefits of solar (in self-consumption or solar communities) in schools, rural or disadvantaged communities or social organization all over the world. EDP has implemented more than 1,700 solar panels impacting more than 6,300 people and avoiding the emission of 220 tons of CO<sub>2</sub>. Some countries where this has been developed: Portugal, Spain, Brazil, Greece, United States of America
- Energy poverty projects – offering energy-saving and energy-efficient solutions in the homes of low-income families – e.g. better insulated windows and doors, more efficient equipments, helping these people to keep their homes at an adequate temperature (and thus preventing various illnesses at the same time. Some countries where this has been developed: Portugal, Spain, Brazil and Romania
- Green impact investment & financial support – Impact investment fund and capital donations to support local fair energy transition businesses such as:
  - i. A2E Fund – a fund to support renewable energy projects that promote the environmental, social and economic development of rural communities in developing countries. With 6 editions underway, EDP received over 920 applications and selected 47 projects in Mozambique, Malawi, Nigeria, Kenya, Tanzania, Angola and Rwanda, investing €4.5m (2018–2024);
  - ii. EDP Solidarity Energy – a fund from the 3 foundations in Portugal, Spain and Brazil that supports innovative, sustainable and impactful projects that contribute to a fairer, more inclusive and socially responsible society, through non-refundable donations. It targets conversion to renewable energy, energy efficiency and electric mobility.
  - iii. Hope Fund – a fund that will invest in social purpose organizations with a sustainable

business model, that address all types of Fair Energy Transition challenges, with innovative impact solutions in Portugal, Spain and other countries from South America. This investment aims for total/partial capital recovery while traditional philanthropy assumes complete loss of capital from the onset.

- Upskilling and reskilling projects – development of projects within the scope of renewable energy, to meet future labour needs and guarantee that former coal workers, people living in communities close to EDP’s production centres and other minorities have job opportunities. Some countries where this has been developed: Portugal, Spain, Brazil and Italy.
- Education projects – promotion of Educational Programs so that new generations (aged 6 to 16) understand the importance of clean energy sources and their role in decarbonising and mitigating climate change. Some of the countries where this project has been developed: Portugal, Spain, Brazil and Poland
- Environmental sustainability projects – projects aimed at protecting species or the natural heritage, such as cleaning up beaches and oceans or restoring forests, while helping to maintain and strengthen ecosystem services that benefit local communities. Some examples include an underwater clean-up action in Portugal (breaking a Guinness World Record for the largest number of divers in 12h), which also took place in Spain and Singapore, or the Re.Earth project, a pilot project launched in Portugal to create a local circular economy based on light biomass owned by small local landowners. The smallholders clean up their land with the possibility of selling their agroforestry waste. EDP then uses this biomass to create green energy and heat the facilities of social organisations. At the same time, land clearing contributes greatly to preventing forest fires and their harmful environmental and social consequences.

## 2.6 EDP’s contribution to the UN’s Sustainable Development Goals (SDGs)

The SDGs 7, 9, 11, and 13 supports our strategy. On top of those four main SDGs, EDP pursues a strategy that has impact in other SDGs, such as 5, 8, 12, and 17, in accordance with its values expressed in its Code of Ethics<sup>10</sup>. EDP reports its contribution to the SDGs not only at the level of the SDG objectives and targets, but also at the level of the indicators set by the United Nations.

In 2024<sup>11</sup>, voluntary contributions under the B4SI methodology were €28 million around the world. From Europe to Latin America, North America, Africa and APAC, EDP develops more than 500 social projects with a strong focus on ensuring a fair energy transition that leaves no-one behind in line with corporate strategy<sup>12</sup> and the UN SDGs.

As evidence of our social impact and relevance to our priority SDGs, in 2024, of all the

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<sup>10</sup> [EDP’s Code of Ethics](#)

<sup>11</sup> [Integrated Annual Report 2024](#)

<sup>12</sup> [Social Investment Policy](#)

voluntary contributions recognized by the B4SI methodology<sup>13</sup>, EDP supported projects that contributed to the SDGs (5, 7, 8, 9, 11, 12, 13, 15 and 17), in accordance with the Social Investment Policy<sup>14</sup>.

EDP discloses specific information regarding several community initiatives (stated at Local stakeholder engagement policy<sup>15</sup>; Social Investment Report<sup>16</sup>; EDP YES Website<sup>17</sup>).

## 2.7 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 been disclosing information on activities aligned with EU Taxonomy in its Annual Sustainability Report since 2019<sup>18</sup>. 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 Net Zero Carbon and highlights how important the issue is for EDP.

EDP is committed to achieve 95% of Capital Expenditures aligned with the EU Taxonomy by 2026.

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<sup>13</sup> B4SI is the global standard in measuring and managing corporate social impact. The B4SI Framework creates a robust measurement standard that any company can apply to understand the difference their contributions make to their business and society. The Frameworks does this by enabling companies to measure their activities through three pillars: Inputs, Outputs and Impacts.

<sup>14</sup> [Social Investment Policy](#)

<sup>15</sup> [Local Stakeholder Engagement Policy](#)

<sup>16</sup> [Reports. Last edition – Social Investment Report 2023.](#)

<sup>17</sup> [Social impact in Review](#)

<sup>18</sup> [Integrated Annual Report 2024](#)

## 3. Green Finance Framework

### 3.1 Rationale for Green Financing

EDP established its first green bond framework in 2018 and has been a frequent issuer of green bonds since then. EDP targets to increase the share 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.

Hence, in alignment with EDP's broader sustainability strategy and its Climate Transition Plan, EDP has established this Green Finance Framework ('Framework') to be able to issue Green Financing Instruments to finance and/or refinance projects which enable the transition to a lower carbon and climate resilient economy. 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, targeting SRI and green investors, and continuing to foster the relationship with existing investors.

### 3.2 Basis of the EDP Green Finance Framework

This Framework established by EDP is aligned with the International Capital Markets Association (ICMA)'s Green Bond Principles (GBP) 2021, with June 2022 Appendix I<sup>19</sup> and the Loan Market Association (LMA)'s Green Loan Principles (GLP) 2023<sup>20</sup>. These principles are voluntary guidelines that support transparency and credibility in the green bond and loan markets.

This Framework is based on the following 4 pillars: (1) Use of proceeds, (2) Process for project evaluation and selection, (3) Management of proceeds, and (4) Reporting. The framework also follows the recommendation of the GBP and GLP with regards to external review.

Moreover, this Framework reflects requirements from the EU Taxonomy Regulation and their Delegated Acts and where feasible, the EU Green Bond Standard Regulation.

### 3.3 Scope

The requirements of this Framework will be applied to any Green Financing Instrument issued by EDP, EDP – Servicios Financieros España, S.A.U. and EDP Finance B.V.. EDP has a centralized and coordinated approach to banking and capital markets, i.e., most of the funding for the EDP Group investments and activities is raised by these three entities. Additionally, EDPR's subsidiaries can engage in external financing at project level, through non-recourse project financing. Therefore, the requirements of this Framework will also apply to EDPR's subsidiaries raising non-recourse project financing. For the avoidance of doubt,

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<sup>19</sup> [Green Bond Principles 2021, with June 2022 Appendix I](#)

<sup>20</sup> [Green Loan Principles 2023](#)

funding raised by companies from the EDP Group, other than EDP, EDP – Servicios Financieros España, S.A.U., EDP Finance B.V., EDPR and those under EDPR, are excluded from this Framework.

Green Financing Instruments may include green bonds (in various formats, such as, but not limited to, senior unsecured, subordinated unsecured (or hybrid), or project bond), and green loans, where an amount equal to the proceeds will be exclusively applied to (re)finance, in part or in full, new and/or existing eligible green projects with clear environmental benefits, as defined below.

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.

Any future version of this Framework will either keep or improve the current level of transparency and reporting disclosures, including the corresponding review by an external independent second-party opinion provider. For the avoidance of doubt, any future change to the eligibility criteria may not necessarily apply to Green Financing Instruments issued under this Framework.

### 3.4 Use of Proceeds

An amount equal to the proceeds from the issuance of Green Financing Instruments will be used to finance and/or refinance a portfolio of Eligible Green Projects ('Eligible Green Project Portfolio') as defined by the Eligibility Criteria below. Eligible Green Projects may include assets ('Assets'), capital expenditures ('CapEx') and/or operational expenditures ('OpEx'). Assets will qualify for refinancing with no lookback period, while CapEx and OpEx will qualify with a maximum lookback period of three years.

Additionally, Eligible Green Projects will also include acquisitions of companies and equity participations in entities substantially active in any of the categories described in the table below. Only the pro-rated share (%) of the acquisition / participation that is dedicated to those categories is considered as eligible. These acquisitions and participations<sup>21</sup> will be compliant with the requirements stated in this Framework. To ensure traceability of the proceeds to Eligible Green Projects (even in case of non-controlled entities), EDP will only invest in specific projects that have been approved beforehand. Funds will not be provided for general purposes, only to projects that are eligible under this framework. Additionally, regular follow-ups will be made related to the status of those projects where the funds were provided. Examples of acquisition of companies and equity participations include the acquisition of Sunseap and the participation in Ocean Winds, a 50/50 JV with Engie for offshore wind projects.

EDP reserves the right to use all or a portion of the amount equal to the proceeds of Green Financing Instruments to refinance other Green Financing Instruments (in line with the Green

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<sup>21</sup> Participations are limited to projects/assets that comply with the criteria set in this Framework

Bond Principles recommendations on Buy-Back of Green Bonds)<sup>22</sup>.

Eligibility Criteria			
ICMA GBP/ LMA GLP	Eligible Green Projects	Contribution to UN SDGs	Contribution to EU Objectives and Economic Activity <sup>23</sup>
Renewable Energy	<p><b>Renewable energy generation facilities/infrastructure:</b></p> <ul style="list-style-type: none"> <li>• Hydrogen</li> <li>• Solar (PV)</li> <li>• Wind (onshore and offshore)</li> <li>• Hydropower</li> <li>• Electricity transmission and distribution</li> <li>• Storage of electricity</li> </ul>	<p><b>Target 7.2:</b> By 2030, substantially increase the share of renewable energy in the global energy mix</p> <p><b>Target 13.2</b> Integrate climate change measures into national policies, strategies and planning<sup>24</sup></p>	<p><b>Substantial Contribution to Climate Change Mitigation (Article 10)</b></p> <p><b>EU Economic Activities:</b></p> <p>(3.10.) Manufacture of hydrogen</p> <p>(4.1.) Electricity generation using solar photovoltaic technology</p> <p>(4.3.) Electricity generation from wind power</p> <p>(4.5.) Electricity generation from hydropower</p> <p>(4.9.) Transmission and distribution of electricity</p> <p>(4.10.) Storage of electricity</p> <p>(7.6.) Installation, maintenance and repair of renewable energy technologies</p>

<sup>22</sup> See 2.2.4 of the ICMA GBP Guidance Handbook [here](#)

<sup>23</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

<sup>24</sup> Relevance: Greenhouse gas emissions

<p style="text-align: center;"><b>Clean Transportation</b></p>	<p><b>Clean transportation infrastructure:</b></p> <ul style="list-style-type: none"> <li>• Electric vehicle charging points</li> </ul>	<p><b>Target 7.1:</b> By 2030, ensure universal access to affordable, reliable and modern energy services</p>	<p><b>Substantial Contribution to Climate Change Mitigation (Article 10)</b></p> <p><b>EU Economic Activities:</b> (7.4.) Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)</p>
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The Eligibility Criteria are 100% aligned with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act.

EDP has a centralized and coordinated approach to banking and capital markets, i.e., most of the funding for the EDP Group investments and activities is raised by three entities (EDP, EDP – Servicios Financieros España, S.A.U. and EDP Finance B.V), with the use of proceeds directed towards funding projects that promote renewable energy and clean transportation. This strategic allocation of capital supports EDP Group's overarching goal of achieving decarbonization. The Eligible Green Project Portfolio excludes any activities and infrastructure in relation to fossil fuel (coal and gas).

### 3.5 Process of Project Evaluation and Selection

Assets and/or expenditures will be evaluated and selected based on compliance with the Use of Proceeds as described above.

EDP's Finance, Sustainability, and Financial Planning and Analysis teams, together with the relevant EDP subsidiaries' representatives are responsible for the governance of this Green Finance Framework and assess, at least annually, the process of evaluation and selection of Eligible Green Projects, proceeds allocation and impact reporting. The proceeds allocation and impact reporting, which is included in the Annual Integrated 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.

Main responsibilities of the Sustainable Finance Working Group include, but are not limited to:

- Evaluating and selecting the Eligible Green Projects in line with the Eligibility Criteria defined within the Framework and excluding projects that no longer comply with the Eligibility Criteria or have been disposed of and replacing them on a best effort basis
- Reviewing the content of the Framework and updating it to reflect changes in corporate strategy, technology, market, regulatory developments, applicable laws, and regulations on a best effort basis, initiating the update of documents such as Second Party Opinion ('SPO') and related documents from external consultants



- Overseeing, approving, and publishing the allocation and impact reporting, including external assurance statements. EDP may rely on external consultants and their data sources, in addition to its own assessment
- Monitoring internal process to identify mitigants to material risk of negative social and/or environmental impacts associated with the Eligible Green Project Portfolio
- To the extent feasible and relevant, removing or replacing assets and expenditures for which the Sustainable Finance Working Group has determined should not be funded under this framework

In addition, EDP ensures compliance 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 Projects.

Furthermore, the Eligible Green Projects 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 1 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 2023, 89% of EDP's activities were covered, as well as 96% of EDPR's<sup>25</sup>.

It should be highlighted that E-REDES has an ISO 22301 – Business Continuity certification since 2015, while EDP REDES España has accomplished its certification against this standard in 2023.

### 3.6 Management of Proceeds

An amount equal to the proceeds of Green Financing Instruments issued by EDP will be allocated and monitored. EDP expects to allocate proceeds to Eligible Green Project Portfolio, selected in accordance with the Eligibility Criteria and the Process for Project Evaluation and Selection presented above, within 24 months of issuance of the Green Finance Instrument. Pending full allocation, unallocated proceeds from Green Finance Instruments will be managed in accordance with EDP's treasury management policy and may be used for other cash management purposes or any other treasury business. Proceeds will be used for (re)financing the Eligible Green Project Portfolio, which includes new and existing projects

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<sup>25</sup> For more details please see [EDP website](#) and [EDPR website](#)

delivering positive environmental impact.

In case of assets, Eligible Green Projects 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. Electricity distribution projects will be included according to the regulated asset base.

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

### 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 Project Portfolio (re)financed with the proceeds of the Green Finance Instruments and its environmental impact until maturity 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 Integrated Annual Report.

EDP intends to report on the Eligible Green Project Portfolio on an aggregated basis, per project type, subject to confidentiality obligations.

#### Allocation Reporting

The allocation report may include:

- The total amount of Eligible Green Projects by category
- The amount and/or percentage of new financing and refinancing<sup>26</sup>
- The balance of unallocated proceeds
- The geographic distribution of the projects, split by country
- The proportion of the Eligible Green Project Portfolio that is 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 June 2024"<sup>27</sup>.

The impact report may provide, as far as practical:

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<sup>26</sup> When the net proceeds are used for refinancing purposes, EDP will report annually on the share of refinancing. Furthermore, on the date of the transaction and upon investors' request, EDP commits to provide its best estimation on the share of refinancing as well as the operating dates, location and category of the projects that are being refinanced.

<sup>27</sup> [ICMA Harmonized Framework for Impact Reporting June 2024](#)

ICMA GBP/LMA GLP	Potential impact indicators
<b>Renewable Energy</b>	<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> <p><b>Electricity distribution only</b></p> <ul style="list-style-type: none"> <li>• Network length (km)</li> <li>• Electricity distributed (MWh)</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Number of electric vehicle charging points</li> <li>• Annual CO<sub>2</sub> emissions avoided (tCO<sub>2</sub>)</li> </ul>

EDP's existing green bonds, issued since 2018 under previous frameworks, 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 Moody's to provide a Second Party Opinion on this Framework. The Second Party Opinion and this Framework will be made available on EDP's website at <https://www.edp.com/en/investors/fixed-income/green-funding>. In addition, Moody's provided the alignment assessment of EDP's Green Finance Framework with EU Taxonomy.

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

An independent external party, namely EDP's external auditors, will annually verify the internal tracking method and allocation of funds, as well as the reported impact indicators until maturity of the outstanding Green Finance Instruments.

## Annexes

### Annex 1: Evaluation criteria

Eligible green projects	Sustainability benefits	EDP's analysis	ESG Criteria
<b>Renewable Energy</b>  <b>&amp;</b>  <b>Clean Transportation</b>	Avoidance / reduction of GHG emissions	Alignment with EDP's standards <sup>28</sup>	<b>Environmental issue:</b> environmental management of the project, climate change mitigation, protection of biodiversity and natural resources
			<b>Social issue:</b> respect of human and labor rights, health and safety, stakeholders dialogue and community involvement
			<b>Governance issue:</b> including business ethics and responsible procurement
Projects will be excluded if they: <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>			

### Annex 2: Information about this Framework

This Green Finance Framework was published on 19 March 2025 by EDP, S.A. (Legal Entity Identifier: 529900CLC3WDMGI9VH80).

To contact EDP, please visit: <https://portugal.edp.com/en/media-pt/contact-edp-portugal>

The name of the bond(s) assigned by EDP and the relevant international securities identification numbers (ISIN) of the bond(s) will be published in the corresponding bond prospectus(es), along with the name of the competent authority that has approved the bond prospectus(es).

The external reviewer of this Framework is Moody's. To contact Moody's, please visit: <https://www.moody.com/Pages/contactus.aspx>

<sup>28</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](#)