



edp

ESG REPORT 1H21

# Leading on ESG matters at EDP

## Key Highlights

This month marks the 45th anniversary of EDP Group. Almost half a century ago, EDP embarked on a journey which has seen the company radically transformed. EDP began as a domestic utility in Portugal, now we are a truly global business leading the energy transition with a footprint in 4 continents and 22 countries.

EDP entered the renewables market ahead of time, two decades ago. Our heritage has continued to forge an ambitious path, setting significant decarbonisation targets and committing to invest € 24 billion in the energy transition over the next five years. By 2030 EDP will be 100% green. We have a decade of experience engaging with our investors and other stakeholders on our commitment and approach to ESG. We know that ESG reporting can have a meaningful impact on the environment and the communities where we operate, and on our bottom line.

We have recently defined a set of 12 strategic sustainability objectives for 2030. These support EDP's ambition as leader in the transition to a low-carbon economy, as well as our firm commitment to protect the environment with a positive societal impact. This strategy is monitored by a set of indicators that measure our progress towards implementing 9 of the 17 Sustainable Development Goals of the United Nations Agenda for 2030, to which we are fully committed.

This is the decade of decisive action for EDP and our motto "Changing Tomorrow Now" will guide our ambition in the coming years. We look forward to seeing the company grow as we create value and contribute to a fairer, more inclusive and sustainable planet.

For more information on our sustainability strategy please see our latest information [here](#).

**"Sustainability is at the top of the boardroom agenda. We proudly deliver on our ESG commitments and our mission to lead the energy transition"**

### Environment

I am very pleased to share that the Science Based Target initiative (SBTi) has recognised EDP's 98% target reduction of scope 1 and 2 GHG emissions per TWh by 2030 compared to 2015 levels, and 50% absolute reduction of scope 3 GHG emissions over the same timeframe. This means our targets are in line with climate science requirements towards limiting global warming to 1.5°C, highlighting the strength of our commitment to become carbon neutral by 2030.

### Social

In June, as we celebrated Diversity month at EDP Group, we committed to joining The Valuable 500, a global movement to promote and underline the importance of disability inclusion within leading companies around the world to generate systemic change and unlock the business, social and economic value of people living with disabilities. This is an important step for EDP Group because we see diversity as a source of innovation, bringing us one step closer to our communities and our stakeholders.

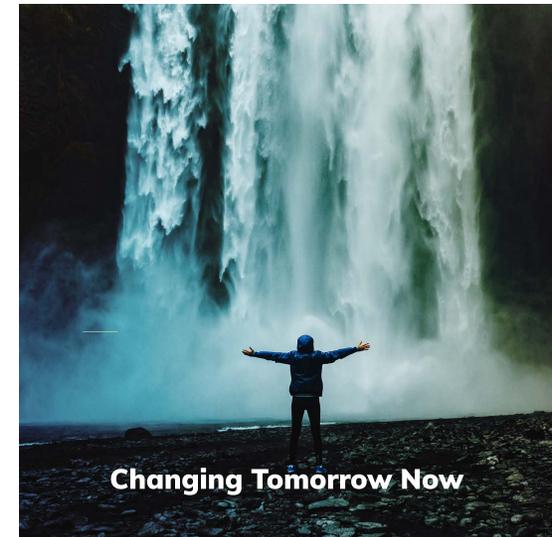
### Governance

At EDP group, we continue to streamline our corporate governance structure. We reduced from 5 to 4 the number of specialized committees at the General Supervisory Board level. We have improved our approach to ethics in line with best practice and international standards and our Ethics Commission is now overseen by the Chairman of the General and Supervisory Board, a role previously held at the Executive Board of Directors level.



*Miguel Setas*

Miguel Setas - Executive Board Member



**Changing Tomorrow Now**



# ESG Performance at a Glance

	Indicator	Unit	1H21	1H20	Δ %	Target 2025	Target 2030
ENVIRONMENT	Revenues aligned with EU taxonomy <sup>1</sup>	%	69%	58%	19%	70%	>80%
	Scope 1 & 2 Emissions Intensity	gCO <sub>2</sub> /kWh	131	111	18%	~100	0
	Renewables Generation	%	81%	80%	0%	85%	100%
	Coal Installed Capacity	%	8%	12%	-30%	0	0
	Total Waste	kt	123	94	30%	118	30
SOCIAL	Employee Engagement (top tier company) <sup>2</sup>		✓	✓		✓	✓
	Female Overall	%	26,0%	25,8%	1%	30%	35%
	Accident Frequency Rate <sup>3</sup>	Fr	1,78	1,26	41%	1,55	<1
GOVERNANCE	Female on Leadership	%	25,4%	25,2%	1%	30%	35%
	ESG & equity linked compensation for Top Management <sup>4</sup>		✓	✓		✓✓	✓✓
	Cybersecurity	bitsight rating	800	700	14%	Keep advanced <sup>5</sup>	
	Top quartile in ESG rating Performance <sup>6</sup>		✓	✓		✓	✓

**Revenues aligned with the EU Taxonomy increased to 69%** as we continue to accelerate growth and invest in the Energy Transition, with total Gross Investments increasing by 29% YoY, amounting to 1.6 billion euros in the 1H21, 94% of which in Renewables and Networks.

**Renewables represented 81% of electricity generated** by EDP in the 1H21, as we continue to ramp-up renewables deployment, with 2.1 GW gross capacity added YoY, of which 0.7 GW added YTD.

**Specific CO<sub>2</sub> emissions** increase in the 1H21, is related to the increase of production in Pecém in Brazil, due to adverse hydrology in the Northeast of Brazil in this period, given that Brazil is experiencing the worst in hydrology crisis for the past 91 years.

Similarly to last quarter, **total waste increased by 30% YoY**, mainly explained by the reduced activity of Pecém's power plant in 2020, which was completely idle between April and August, operating only partially in March and September of 2020.

**Accident Frequency rate** increased to 1.78 in the 1H21, in a very unfortunate quarter, in particular within our service providers. EDP continues determined to strengthen the culture of Occupational Health and Safety, by developing awareness, deepening willingness and making available the resources to improve health and safety.

In the 1H21, **females representation stood at 26%** of EDP's workforce representing +1% increase versus the comparable period.

○ SFDR indicator

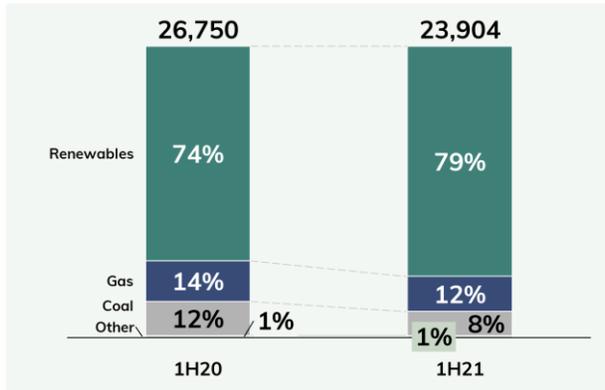
1. Value for 1H20 is an annual measure; 2. Above the high performing norm, including results of surveys done to more than 875,000 employees in 50 high performing organizations and is based on company financial performance and engagement and enablement scores. 3. Number of accidents at work with absence/fatalities, per million hours worked (including employees and contractors); 4. Applicable to Board of Directors and top management; 5. >= 740; 6. Includes DJSI, FTSE4Good, MSCI and Sustainalytics.



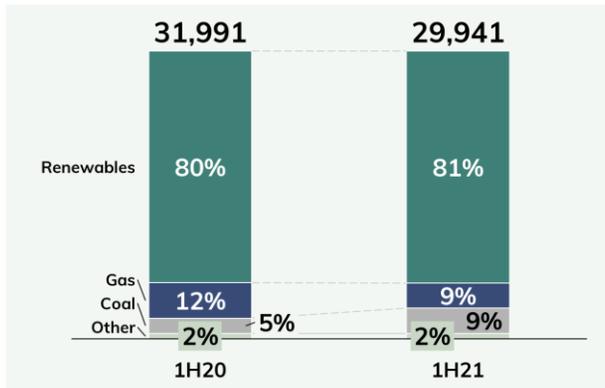
# Operational Highlights

## Committed to a renewables path

Installed Capacity (MW) <sup>1,2</sup> ○



Electricity Generation (GWh) ○



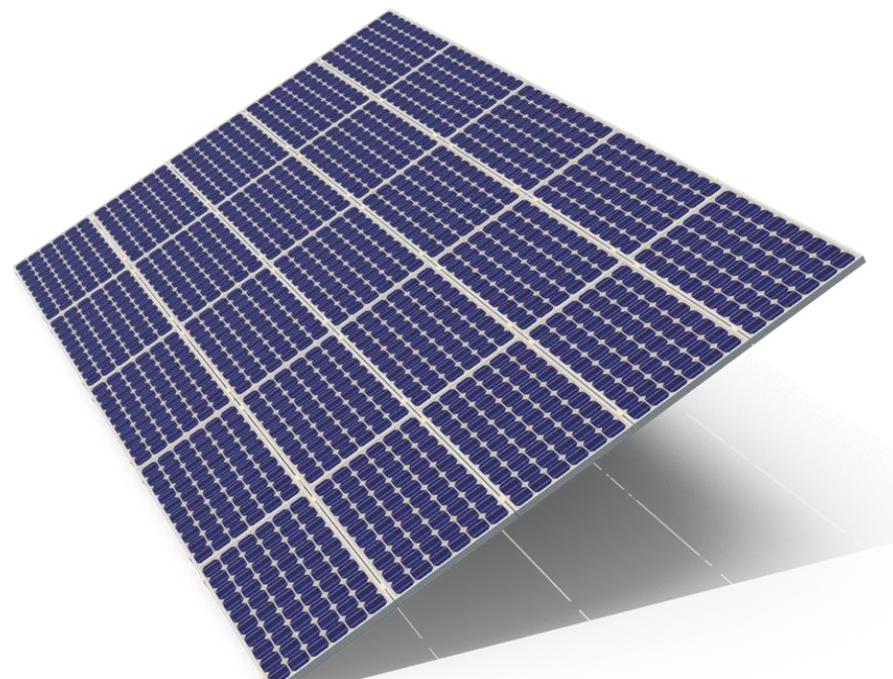
	Unit	1H21	1H20	Δ %
<b>Hydro Coefficient</b>	%			
Portugal		111%	96%	16%
Spain		100%	100%	0%
Brazil <sup>3</sup>		70%	86%	-19%
<b>Renewables Index <sup>4</sup></b>	%	-5%	-6%	-20%
<b>Electricity distributed</b>	GWh			
Portugal		22.180	21.477	3%
Spain		7.083	3.752	89%
Brazil		13.055	11.828	10%
<b>Clients connected</b>	# th			
Portugal		6.336	6.300	1%
Spain		1.373	669	105%
Brazil		3.628	3.538	3%
<b>Total Energy consumption</b>	GWh	13.871		
<b>Total Renewable consumption</b>		913		
Fuel		2		
Electricity		911		
Self-generated non-fuel renewable energy		876		
<b>Total Non-Renewable consumption</b>		12.958		
Fuel		12.394		
Electricity		564		
<b>Energy consumption intensity</b>	MJ/€	8		



# New Services Highlights

## Committed to drive new client solutions and smarter networks

	Unit	1H21	1H20	Δ %
<b>Energy Efficiency</b>				
Energy Services Revenues / Turnover <sup>2</sup>	%	8,1%	8,2%	-1%
Energy Efficiency Services Revenues	€ m	116	118	-2%
<b>Distributed generation</b>				
Distributed solar (As a service & Transactional)	MW	280	113	147%
Portugal	MW	121	77	57%
Spain	MW	15	8	88%
Brazil	MW	51	28	81%
US & Other	MW	93	n.a.	
<b>E-mobility</b>				
Light fleet electrification	%	12%	9%	38%
Electric charging points <sup>3</sup>	#	2.556	1.073	138%
Clients with electric mobility solutions	# th	33.200	14.400	131%
<b>Smart Meters</b>				
Portugal	# m	3,6	2,9	24%
Spain	# m	1,4	0,7	104%
<b>Client satisfaction <sup>1</sup></b>				
	%	n.a.	79%	
<b>Electricity Grid Losses</b>				
Portugal	%	8,6%	9,0%	-5%
Spain	%	5,0%	3,8%	30%
Brazil				
São Paulo	%	8,3%	8,3%	0%
Espírito Santo	%	12,9%	12,8%	0%
<b>Customers with Sustainable Services <sup>4</sup></b>				
	%	13,2%	n.a.	
<b>CO<sub>2</sub> savings downstream <sup>1,5</sup></b>				
	ktCO <sub>2</sub>	n.a.	1.413	



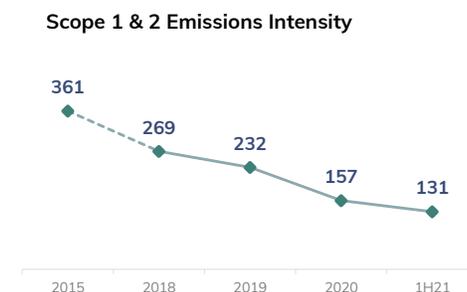
# Environmental Highlights

## Committed to a carbon-free economy

	Unit	1H21	1H20	Δ %	
<b>Greenhouse gas emissions</b>					
Scope 1 & 2 Emissions Intensity	gCO <sub>2</sub> /kWh	131	111	18%	○
Scope 1 GHG Emissions	ktCO <sub>2</sub> eq	3.571	3.045	17%	○
Scope 2 GHG Emissions <sup>1</sup>	ktCO <sub>2</sub> eq	314	464	-32%	○
Scope 3 GHG Emissions <sup>2</sup>	ktCO <sub>2</sub> eq	n.a.	11.572		○
Avoided emissions	ktCO <sub>2</sub>	12.899	14.430	-11%	○
<b>Air quality</b>					
NOx emissions	kt	2,91	2,14	36%	○
SO <sub>2</sub> emissions	kt	3,93	2,23	76%	○
Particulate matter emissions	kt	0,56	0,54	4%	○
<b>Water management</b>					
Total freshwater withdrawn	10 <sup>3</sup> m <sup>3</sup>	5.389	5.608	-4%	
Total freshwater consumed	10 <sup>3</sup> m <sup>3</sup>	4.801	5.275	-9%	
<b>Coal &amp; Waste management</b>					
Total waste disposal	t	105.913	79.944	32%	
Total coal combustion waste disposal	t	12.066	2.492	384%	
Average waste recovery rate	%	89%	97%	-9%	
Hazardous waste	t	2.520	1.726	46%	○
<b>Environmental Matters</b>					
Investments	€ m	39,9	22,0	81%	
Expenses	€ m	100,5	87,5	15%	
Environmental Fines and Penalties	€ th	19,5	1,5	1199%	
Vegetation management <sup>3</sup>	€ m	10,9	7,0	54%	
ISO 14001 Certification	%	94%	96%	-3%	
<b>Low carbon economy</b>					
EBITDA in Renewables	%	60%	62%	-4%	
CAPEX in Renewables	%	70%	65%	7%	
Revenues from coal	%	5%	5%	-10%	○
Revenues aligned with EU taxonomy <sup>2</sup>	%	69%	58%	19%	
CO <sub>2</sub> / Revenues <sup>4</sup>	tCO <sub>2</sub> eq/€ m	0,64	0,57	13%	○



-64% (vs. 2015) Scope 1 & 2 Emissions Intensity




- 1,180 MW Coal Decommissioned YoY



69% Revenues aligned with EU taxonomy in 1H21



For more information please check our Biodiversity Report [here](#)

○ SFDR indicator

1. Scope 2 emissions according with GHG Protocol based location methodology. 2. Annual Indicators; 3. Vegetation management includes CAPEX and OPEX. 4. Defined as the company's annual GHG emissions (Scope 1 and Scope 2), expressed as metric tons of carbon dioxide equivalent (tCO<sub>2</sub>eq) emissions, divided by revenues for the corresponding year, expressed in millions of euros.



# Social Highlights

## Committed to provide a fair and safe workplace

	Unit	1H21	1H20	Δ %
<b>Employment</b>				
Employees	#	12.147	11.641	4%
Female employees	%	26%	26%	0,9%
Female/Male fixed salary	x	1,04	1,05	-1%
Employee Engagement <sup>1,2</sup>	%	n.a.	80%	
Employee Enablement <sup>1,2</sup>	%	n.a.	74%	
Employee Turnover	%	7,0%	5,5%	27%
Absenteeism*	%	2,6%	2,7%	-1%

	Unit	1H21	1H20	Δ %
<b>Training</b>				
Total hours of training	h	168.752	101.355	66%
Employees with training	%	94%	79%	20%
Direct training investment	€ th	1.468	1.026	43%

	Unit	1H21	1H20	Δ %
<b>Health and Safety</b>				
Accidents with lost workdays EDP	#	11	8	38%
Accidents with lost workdays contractors <sup>4</sup>	#	71	34	109%
Fatal work-related injuries EDP	#	0	0	
Fatal work-related injuries contractors	#	5	1	400%
Frequency rate EDP	Fr	0,94	0,71	32%
Frequency rate contractors	Fr	2,07	1,54	34%
Total recordable injury rate	RFr	2,59	1,93	34%
Total recordable injury rate EDP	RFr	1,11	1,25	-11%
Total recordable injury rate contractors	RFr	3,09	2,24	38%

	Unit	1H21	1H20	Δ %
<b>Social Investment</b>				
Beneficiary Entities	#	230	n.a.	
EDP volunteers	#	1.674	n.a.	
EDP time used in volunteering	h	4.856	6.748	-28%
Total Investment	€ th	6.463	7.319	-12%



30% female employees by 2025



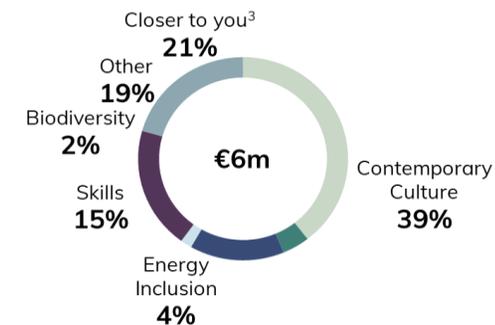

Top Tier Company in Employee Engagement




Accident Frequency Rate <1



Social Investment €100m by 2030



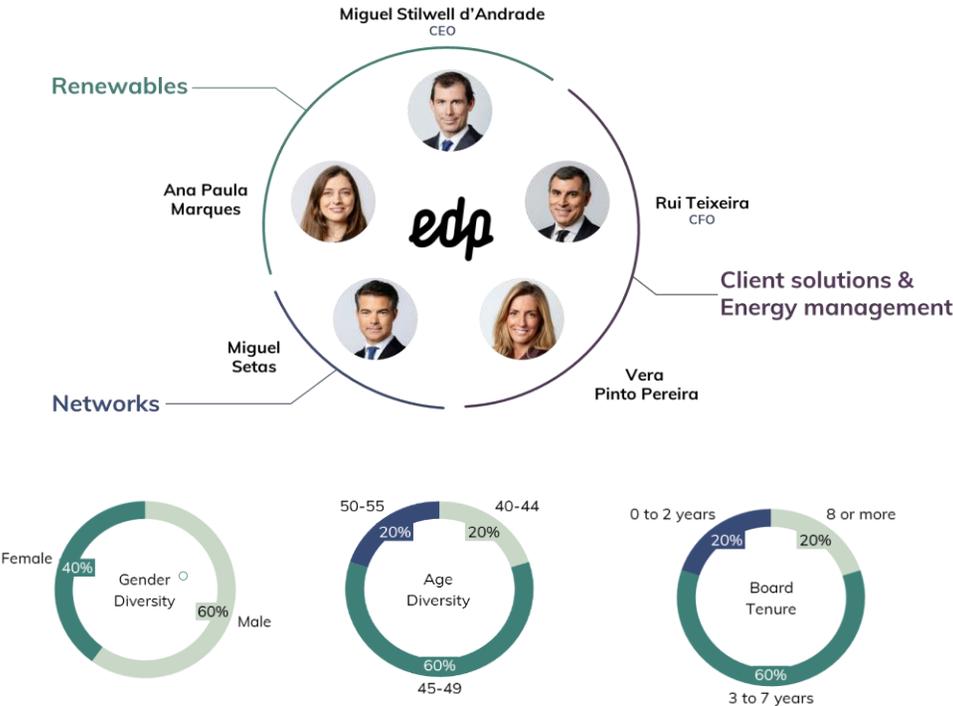
# Governance Highlights

## Committed to the best practices

### Executive Board of Directors

Approved on the Extraordinary General Shareholders' Meeting on the 19<sup>th</sup> January 2021

- Reduced number of members from 9 to 5



### Key Links

Election of the members of the EBD, 2021-2023:



○ SFDR indicator

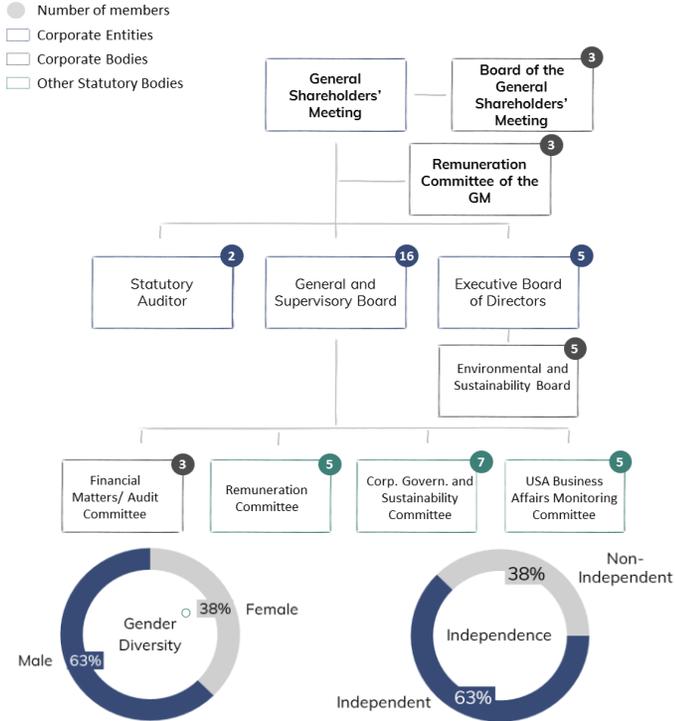


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### General and Supervisory Board

Approved on the General Shareholders' Meeting on the 14<sup>th</sup> April 2021

- Reduced number of members from 21 to 16



Election of the members of the GSB, 2021-2023:



Annual report of the GSB, 2020:

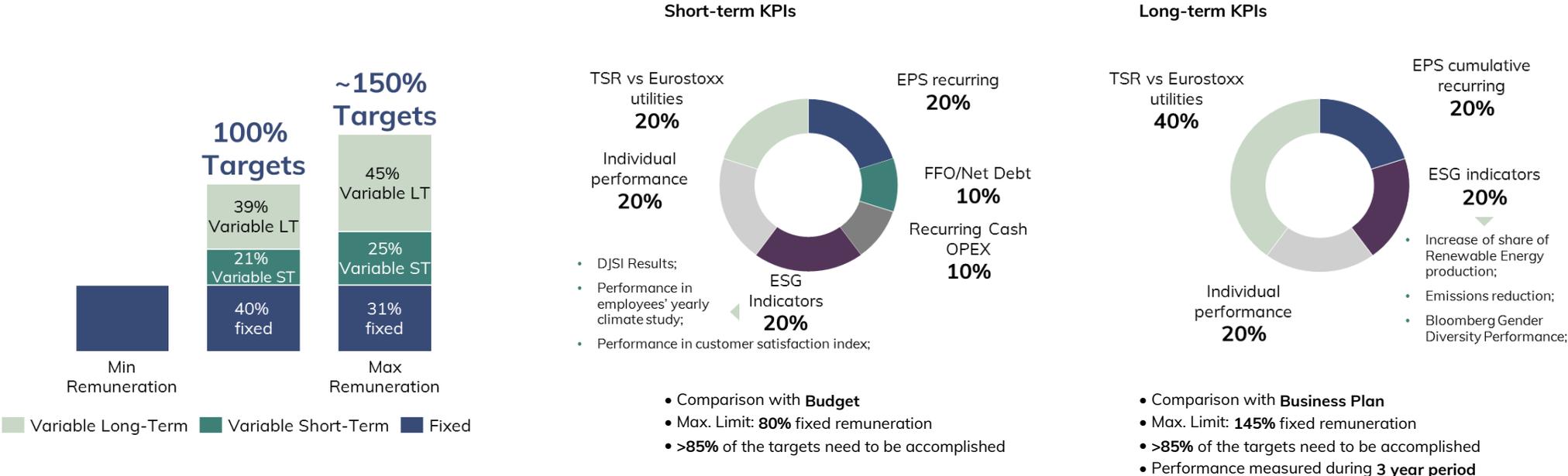


# Governance Highlights

## Overview of the Remuneration Policy

### New Remuneration Policy aligned with Best Practices

Approved on the General Shareholders Meeting on the 14<sup>th</sup> April 2021



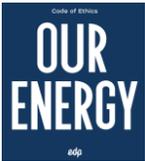
### For further information:

Sustainability Report:



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Code of Ethics:



Corporate Governance:



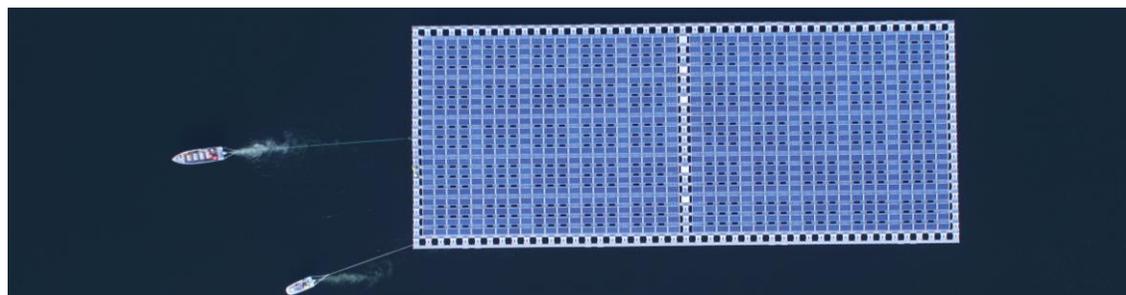
EBD Remuneration Policy: 2021-2023



# Digitalization & Innovation Highlights

## Committed to drive transformation

Digitalization			Unit	1H21	1H20	Δ %
Global	Global	Cybersecurity	bitsight rating	800	700	14%
Digital Business	Customer	Selfcare Interactions <sup>1</sup>	%	71%	60%	18%
	Assets & Operations Enterprise	Electronic Invoices <sup>1</sup>	%	37%	46%	-20%
		Predictive Maintenance <sup>1,2</sup>	%	65%	71%	-8%
Digital Enablers	Data & Technology People & Organization	Systems in the cloud	%	56%	42%	33%
		People w/ digital training <sup>1</sup>	%	78%	n.a.	
		Collaborative Tools	%	81%	81%	0%
Innovation						
Innovation Team		Total investment (TOTEX) <sup>3</sup>	€ m	37	25	49%
		Employees <sup>3</sup>	#FTE	302	227	33%
Investment Portfolio		Ongoing investments VC	#	36	28	29%
		VC investment	€ m	3,2	1,6	101%
		VC investment cumulative <sup>4</sup>	€ m	36,8	33,5	10%



EDP launched the challenge: to create a more sustainable floater for the more than 11 thousand panels and 25 thousand floaters that make up the structure of the future floating solar park in the Alqueva reservoir. After intensive work in collaboration with Corticeira Amorim and the Spanish manufacturer Isigenera, over more than 12 months, it was possible to develop an innovative material, based on a new cork composite, which will be tested for the first time in a renewable energy production project. This new solution combines cork, a 100% natural, recyclable and biocompatible raw material, with recycled polymers. In addition to incorporating cork, the new photovoltaic floater will also replace part of the virgin plastic used in conventional floaters with recycled plastic. EDP believes that, with this more sustainable combination, the floating solar project can achieve a reduction of at least 30% of the CO<sub>2</sub> footprint.



# ESG Ratings

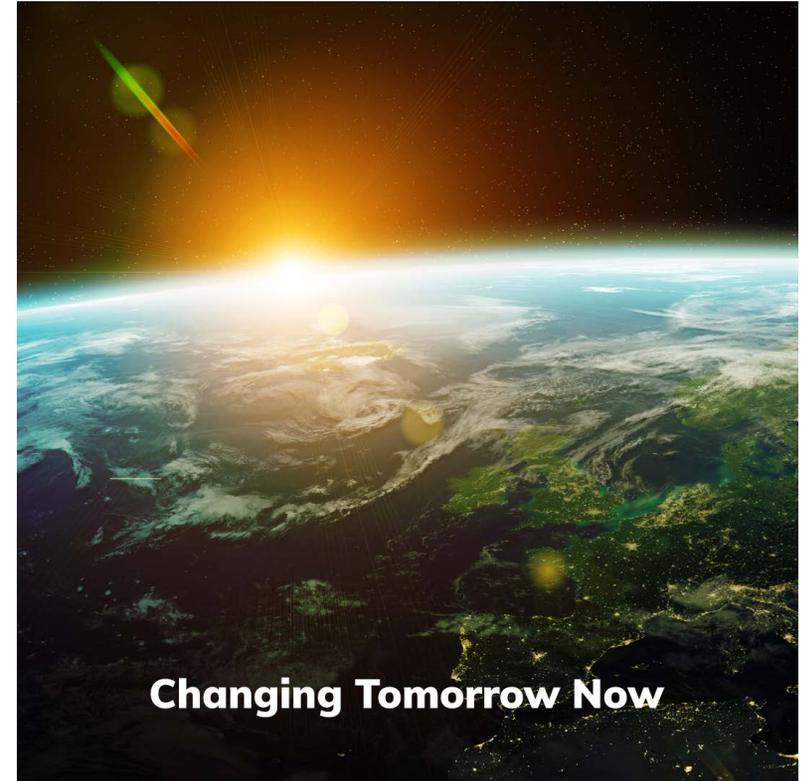
## Committed to excellence

Rater	Range	Score	Ranking	Last Assessment	
Member of <b>Dow Jones Sustainability Indices</b> 1 Powered by the S&P Global CSA	[0-100]	88	2 <sup>nd</sup>	Nov-20	✓
 FTSE4Good	[0-5]	4,7	Top 3%	Dec-20	✓
 1 INDICES	[0-100]	71	3 <sup>rd</sup>	Sep-20	✓
 Corporate ESG Performance ISS ESG Prime	[D <sup>-</sup> -A <sup>+</sup> ]	B	n.a.	Dec-20	✓
 2 a Morningstar company	[100-0]	22,5	n.a.	Apr-21	✓
 AAA MSCI ESG RATINGS	[CCC-AAA]	AAA	Top 7%	Apr-21	✓
 CDP A LIST 2020 CLIMATE	[D <sup>-</sup> -A]	A	n.a.	Dec-20	
 CDP A LIST 2020 WATER	[D <sup>-</sup> -A]	A	n.a.	Dec-20	

✓ Top quartile in ESG rating performance

For more information on EDP's sustainability performance please visit our [website](#)

For more information on indicators please visit our [glossary online](#)



# EDP Sustainability Report 2020

For further information please visit our sustainability report available in our website

