



edp

ESG DAY



•  
October.2021

# What we are presenting today

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Opening remarks

Our ESG commitments

Miguel Stilwell d'Andrade  
Chief Executive Officer

Governance at EDP

João Talone (Chairman GSB)

Environment & Social highlights

Miguel Setas (EBD)

Closing Remarks

Rui Teixeira (CFO)

# We need a new decarbonized and electrified world in order to Change Tomorrow Now..

## The world is facing unprecedented challenges...

Up to **1 Bn**

environmental migrants by 2050

Up to **2.5m**

sea level rise, threatening >600 cities by 2100

**>7% GDP per capita**

at stake in this century



## ... and a new energy sector is required

**88%**

renewables share in power generation in 2050

**-100%**

coal phase-out in global power by 2050

**3x**

global electricity demand growth by 2050

**Zero-carbon**

power sector by 2050



Clean



Affordable

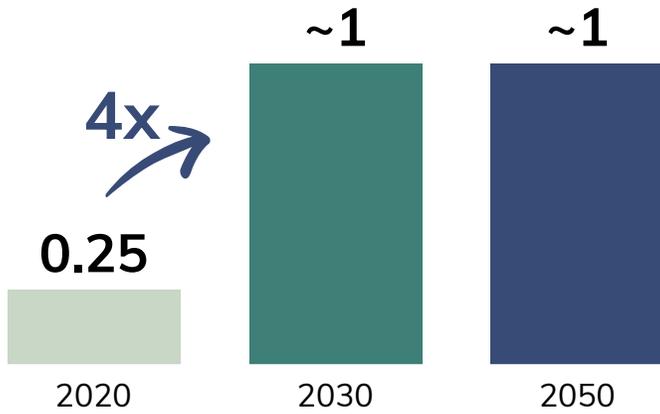


Reliable

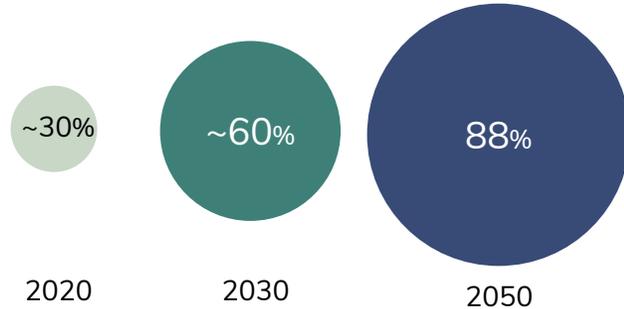
# We are at a critical inflection point with unparalleled renewables growth ahead driven by lower costs

## Unprecedented growth

Renewables additions p.a., TW<sup>1</sup>



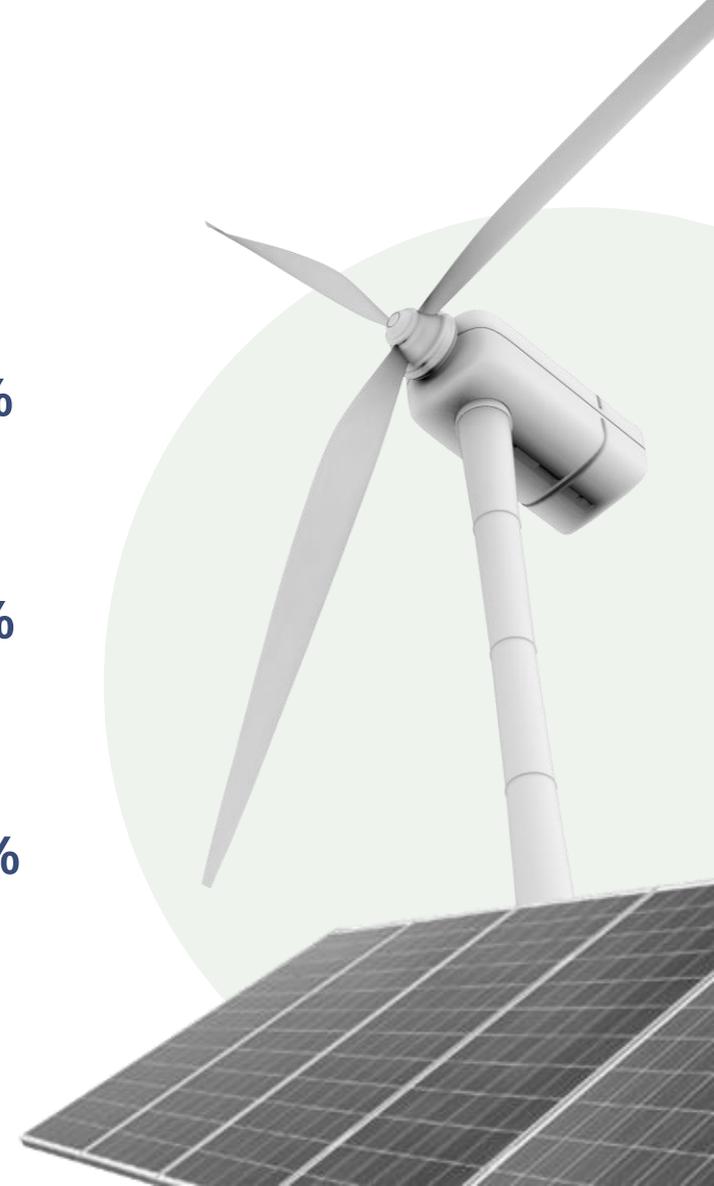
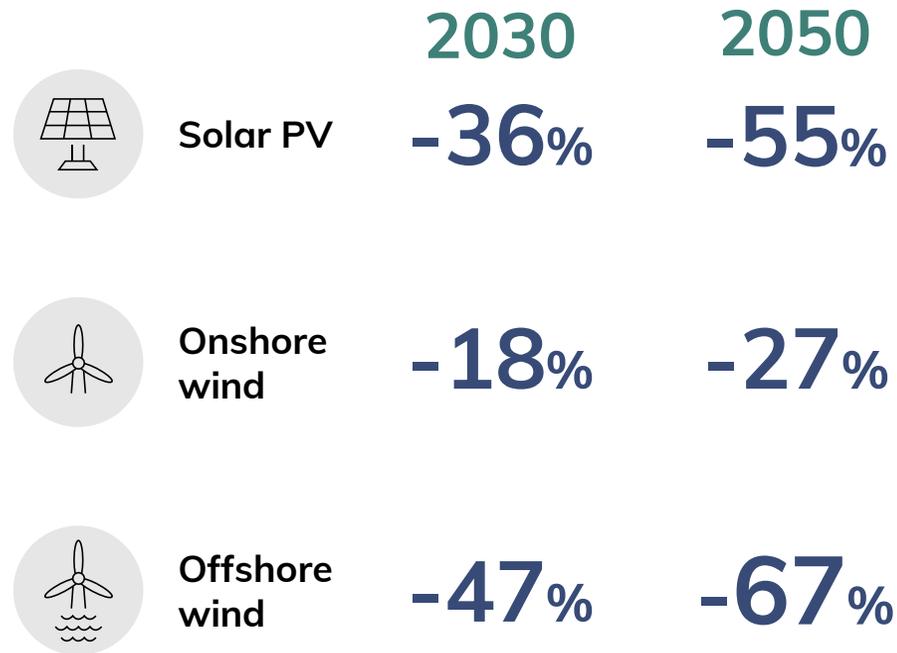
Renewables share in power generation<sup>1</sup>



1. IEA – Net Zero by 2050

## Cost competitive

LCOE decrease in Europe vs. 2020<sup>1</sup>



# The world keeps joining forces to fight climate change and showing strong political support for the sector



✓ Full decarbonization of the US electricity sector by 2035

**50-52%**

Emission Reduction target by 2030 vs 2005 levels

✓ Two important packages are being discussed

**\$1.2 Tn**

Infrastructure Bill

**\$1.5-3.5 Tn**

Reconciliation Bill



✓ EU Fit for 55 on cutting 55%<sup>(1)</sup> of emissions by 2030

**~40%**

Share of Renewables

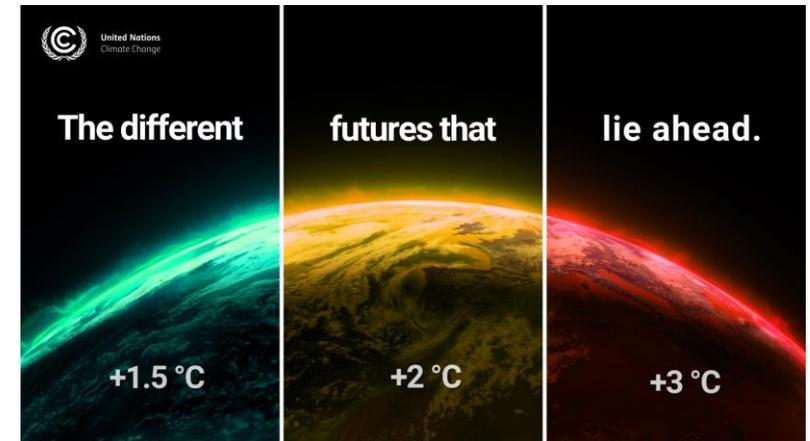
**PPAs**

Additional Support for SMEs

**EU ETS**

Reinforcement of the CO<sub>2</sub> market control

## Climate Change: IPCC Report 'code RED for humanity'



# We are uniquely positioned through all our platforms to drive the energy transition



(1) Includes financial investments. (2) Secured Capacity for 2021-25 (3) Charging points. (4) Excluding United States. (5) June 2021 vs June 2020

# Our commitments



## Accelerated and sustainable growth

- Step-up green growth
- Distinctive and resilient portfolio
- Solid balance sheet

## Leading the energy transition to create superior value



## Future-proof organization

- Global, agile, and efficient
- Talented and empowered people
- Innovative and digitally driven



## ESG excellence and attractive returns

- ESG reference
- Green leadership positioning
- Strong return visibility

# We have a long track record and recognition across all main ESG ratings

## ESG excellence consistently recognized by top-tier institutions

Entity	Scale (high to low)	Current Ranking	Track Record
	100 to 0	<b>88<sup>1</sup></b> <b>#1</b> Vs. global integrated utilities	<b>#1 or #2</b> For more than <b>10 years</b>
	A to D-	<b>A</b> climate change <b>A</b> water security	<b>&gt;B</b> since <b>2010</b> <b>&gt;B</b> since <b>2016</b>
	AAA to CCC	<b>AAA</b> Rating	<b>AAA</b> Rating since <b>2012</b>

## Present across several indexes



Bloomberg Gender Equality Index 2021

Member of  
**Dow Jones Sustainability Indices**  
 Powered by the S&P Global CSA

S&P Global Clean Energy Index 2021

**S&P Global Clean Energy Index**



Euronext V.E World, Europe and Eurozone 120 Indices

1. S&P Global Sustainability Score is used as a fundamental ESG KPI for the management's decision making

# We will continue to pursue growth aligned with the UN 2030 agenda for Sustainable Development



100% of renewables generation by 2030



Coal-free by 2025  
Carbon Neutral by 2030



€3.4 Bn investment in grid development, digitalization, capacity & resilience by 2025



180,000 customers with electric mobility services by 2025



€20M investment in electricity access until between 2021 and 2025



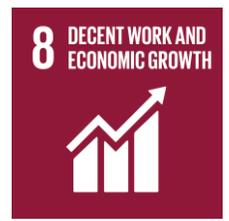
No Net Loss on biodiversity until 2030



85% operational waste reduction by 2025



35% woman by 2030



Achieving zero fatal accidents  
ESG Linked compensation

# We have been promoting a better society through the participation at the most relevant organizations forums & advocacy initiatives

## Organizations<sup>1</sup>



## Initiatives<sup>1</sup>

CFO Taskforce for the SDGs

High-level Dialogue on Energy New York, September 2021

Shaping Sustainable Finance Policy, Climate and Energy and Mobility Decarbonization

Involved in main working groups<sup>2</sup> and have been participating in several conferences

Committed to become coal free by 2025 and all green by 2030.

To be involved in the implementation of sustainability standards

Promoting ambitious, sound and coherent policies and regulations towards a **Fair and Just Transition**

(1) Not exhaustive. (2) As for example, WG Social Sustainability and WG Climate Change and Decarbonization

# We have started this journey in Renewables over 2 decades ago and are committed to continue to lead the Energy Transition

The logo for EDP, consisting of the lowercase letters 'edp' in a white, rounded, cursive-style font.

Leading the energy transition  
to create superior value

Changing  
Tomorrow

Now ☀️

By 2025

**€24 Bn**  
CAPEX in energy transition

**4 GW/yr**  
renewables deployed

**Double**  
solar+wind installed capacity

**Coal free**

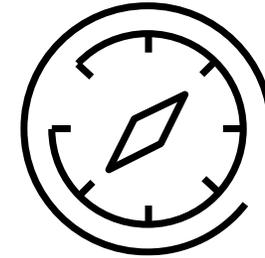
By 2030

**>50 GW**  
renewables additions

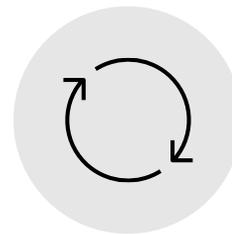
**100%**  
renewables generation

**100%**  
energy transition EBITDA

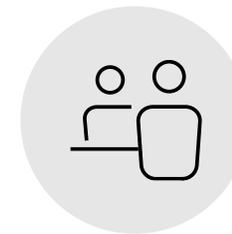
**Carbon neutral**



# Governance



Governance Model



Diverse and independent

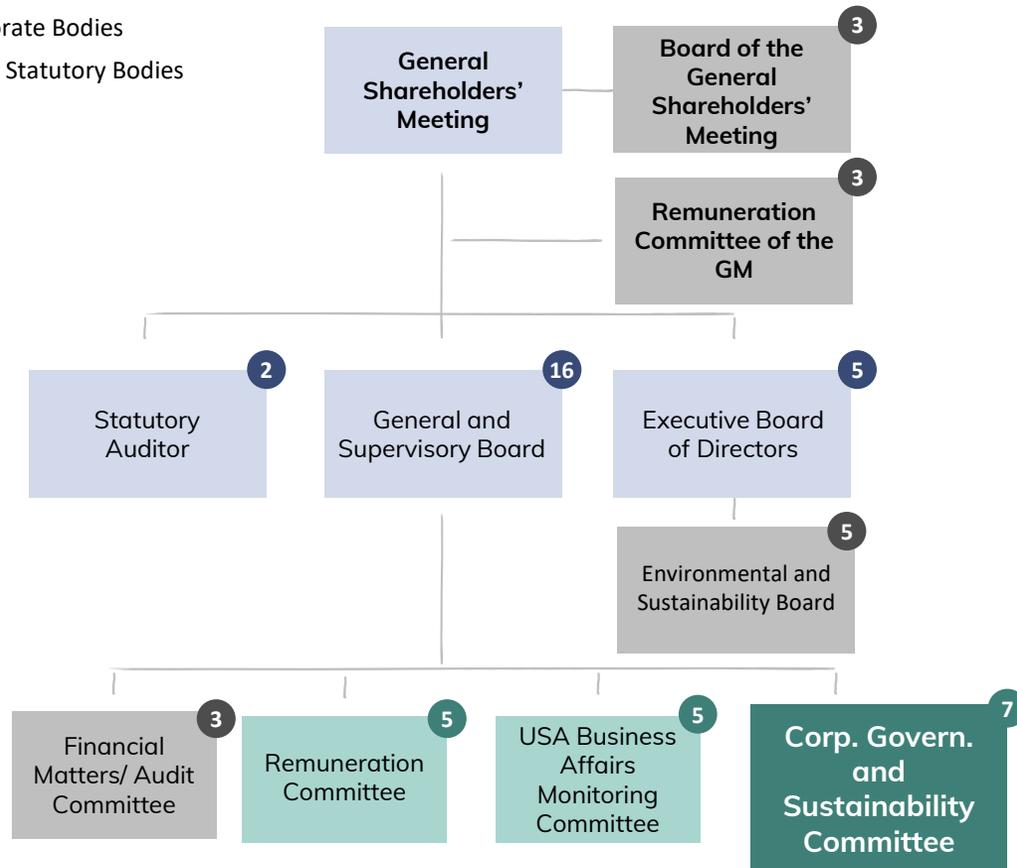


Elevated code of conduct



# Dual Model of Corporate Governance, ensuring separation of functions and specialization of supervision

- Number of members
- Corporate Entities
- Corporate Bodies
- Other Statutory Bodies



Since 2006, EDP adopted a dual corporate governance model:

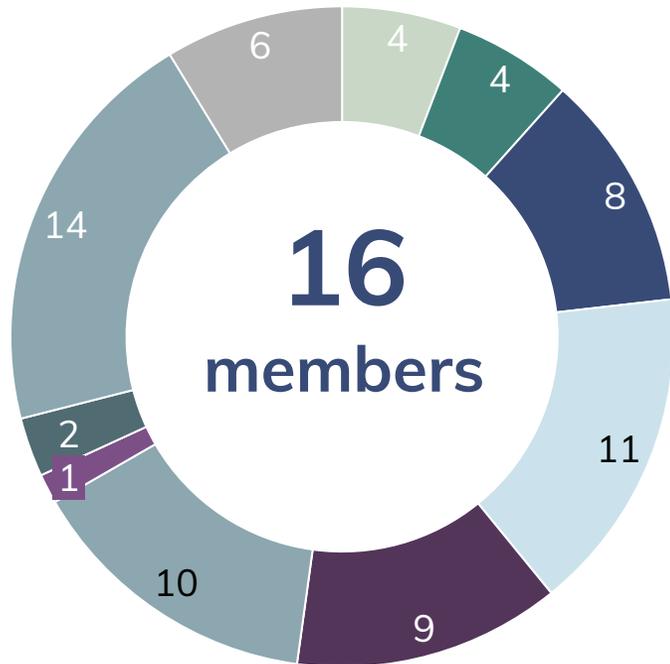
Executive Board of Directors  
General & Supervisory Board

*All major corporate and strategic decisions scrutinized by the GSB after proposal of the EBD*

*Separation of functions and specialization of supervision with due **transparency and rigor***

# New General and Supervisory Board of EDP with fewer members, from 21 to 16, and a wide experience across multiple areas

## General Supervisory Board thematic skills<sup>(1)</sup>:



- Environmental, Climate Change & Social
- Control & Compliance
- Ethics, Governance & Legal
- International Experience
- Energy / Utilities
- Accounting, Auditing & Finance
- Digital, IT & Cybersecurity
- Risk Management, Health & Safety
- Strategy, Capital Mkts & M&A
- Human Resources

**56% Independent**



**38% Women**



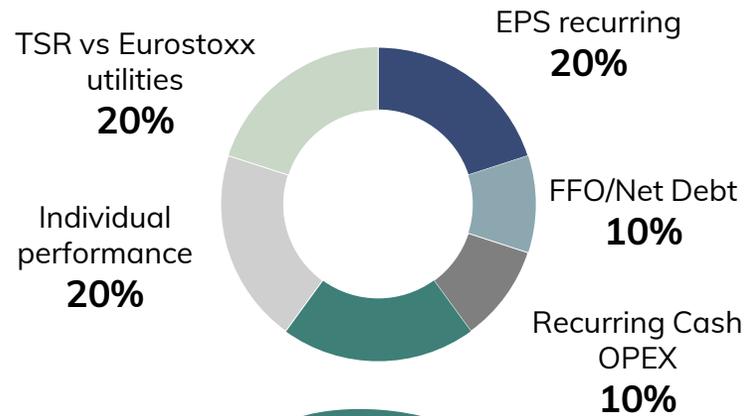
Independent, diverse and experienced General Supervisory Board with a strengthened cohesion

Full-time and independent Chairman

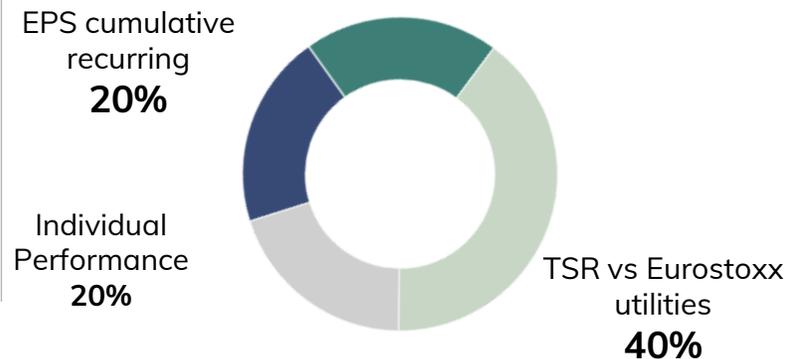
(1) To see more details please see: [link](#).

# Management targets are fully aligned with shareholder interests and ESG performance

## Long term Remuneration



## Short term Remuneration



## Short-Term ESG KPIs

- ✓ Dow Jones Sustainability Index Results
- ✓ Performance in employees' yearly climate study
- ✓ Performance in customer satisfaction index

## Long-Term ESG KPIs

- ✓ Increase of share of Renewable Energy Production
- ✓ CO<sub>2</sub> Emissions reduction
- ✓ Bloomberg Gender Diversity Performance

# We have in place strict Compliance systems and highest standards in Ethics to ensure business runs in a responsible and transparent way



## Compliance Highlights

- ✓ Compliance Management System aligned with international standards and best practices (**ISO 19600; COSO**)
- ✓ **Advanced maturity level** according to an independent assessment (**following ISAE 3000 R methodology**)
- ✓ **Homogeneous compliance methodology applied transversely** to all the group



## Scope

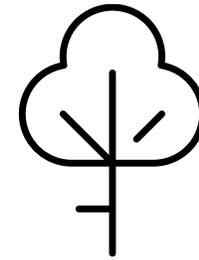
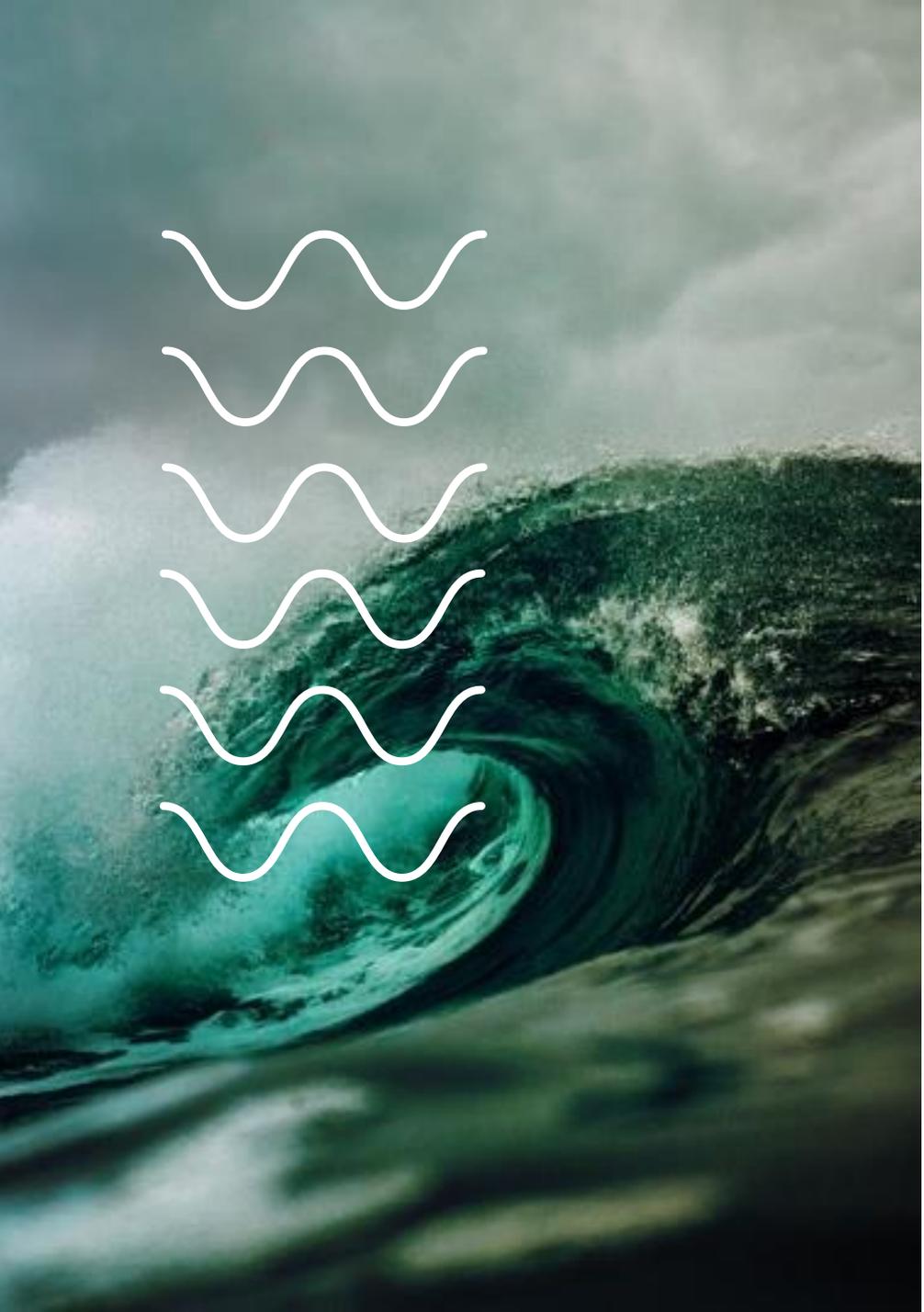
**Risk based approach**, resulting in the development of specific compliance programs:

- Integrity and antibribery / anticorruption
- Anti-money laundering
- Competition
- Data Privacy

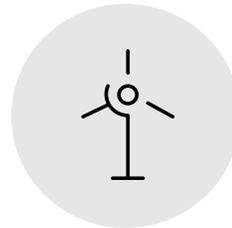
## Ethics

Re-launched in Nov-20 **EDP's Code of Ethics, a landmark in ethics management**

Improved approach with **Ethics Commission overseen by the Chairman of the GSB**, a role previously held at the EBD level



# Environment



Renewables  
Growth



Coal  
phaseout

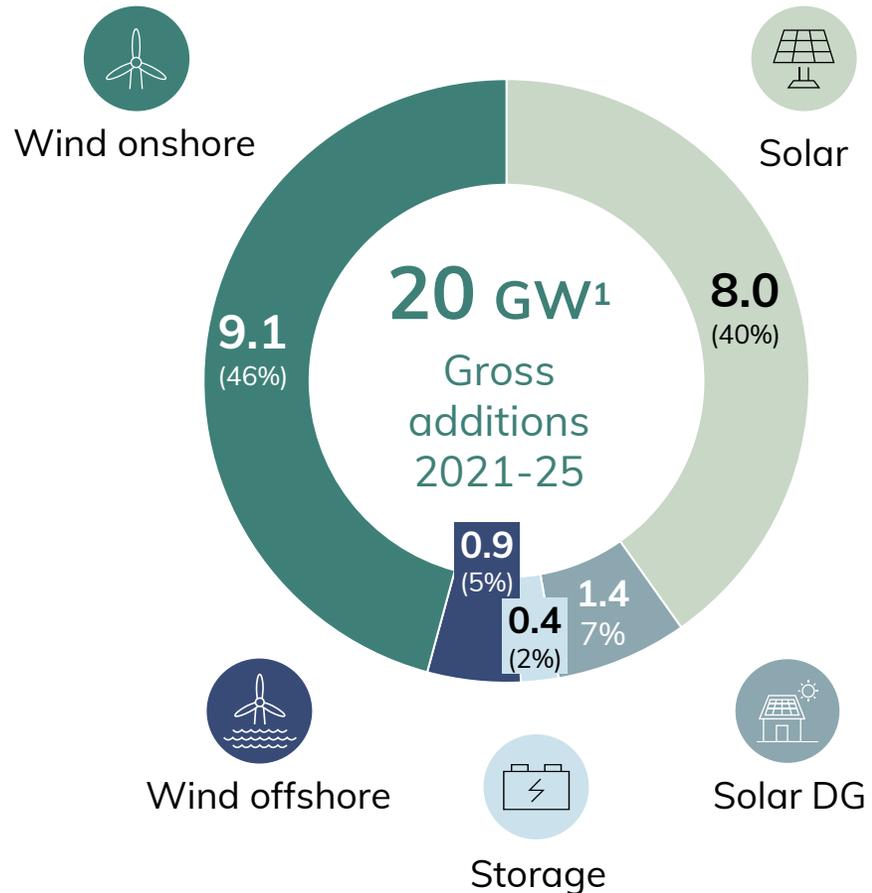


Biodiversity

# Our investments are fully aligned with the Energy Transition with a major focus on Renewables



## Investing in multiple renewable energy sources...



(1) EBITDA + Equity GWs

## ... and focusing our growth in low-risk geographies

### North America<sup>(1)</sup>



~45%

### Europe



~35%

### LatAm



~15%

### Rest of world

#### New geographies



~5%

● Current presence<sup>2</sup>    ● Total installed capacity    XX % in additions

1. Includes Canada and Mexico  
2. Countries with installed capacity and/or capacity already secured  
Note: EBITDA MW + Equity MW

# We will continue to invest in Electricity Networks ensuring quality, safety and efficiency, while enabling the energy transition

## Backbone of the energy transition...



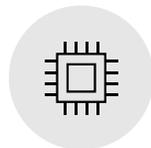
Ageing infrastructure in need of renewal



Increasing generation connected to distribution

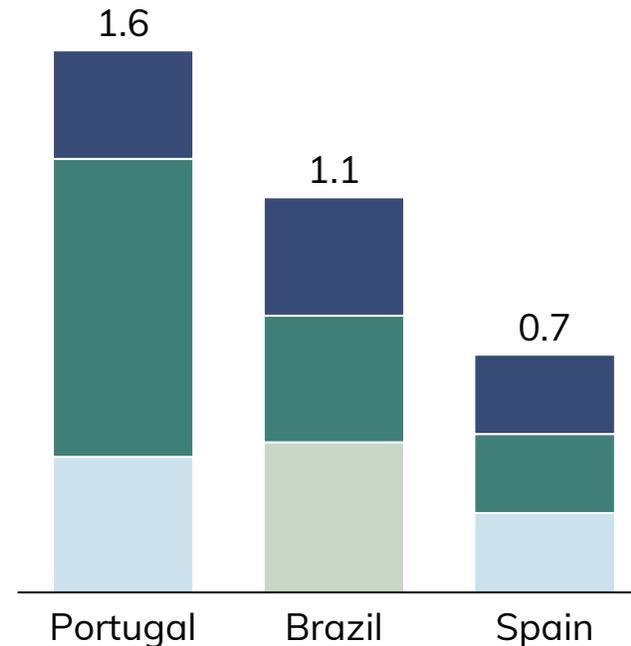


Increasing service levels and resilience



Digitalization and automation

## ... requiring significant investment



~€3.4 Bn  
CAPEX  
21-25

- Digitalization & Automation
- Replacement & Quality of service improvement
- Grid improvement & Resilience
- Expansion

# We aim to electrify consumption and maximize energy efficiency to fight climate change



## Pillars of EDP's Climate Action



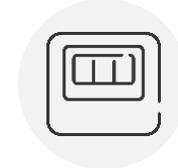
Pillar that aims to **reduce GHG(2) emissions**, through a strong commitment to **increasing electrification and energy efficiency**

## EDP commitments by 2030



**50%**

Customers with sustainable services



**100%**

Smart meters installed worldwide



**2.2GW<sup>(1)</sup>**

Solar DG capacity on customers (by 2025)



**40k**

Electric vehicle charging points installed



“achieving the main UN’s SDGs related to energy requires a **transformation of the global energy system**(...) comprising an increase in **energy efficiency by 24%**“

(1) Excludes 1.4 GW Solar DG from EDPR

# We continue to invest in energy storage whilst promoting a hydro pumping symbiosis



## Develop a relevant position in utility scale storage...

Pave the way to addressing intermittency...

- Energy Arbitrage
- Capacity Firming
- Curtailment Minimization
- Frequency Response Services

... further building on capabilities...

- Leveraging flexibility management capabilities to storage
- Meeting client expectations
- Capturing additional flexibility value

... targeting a sound global presence

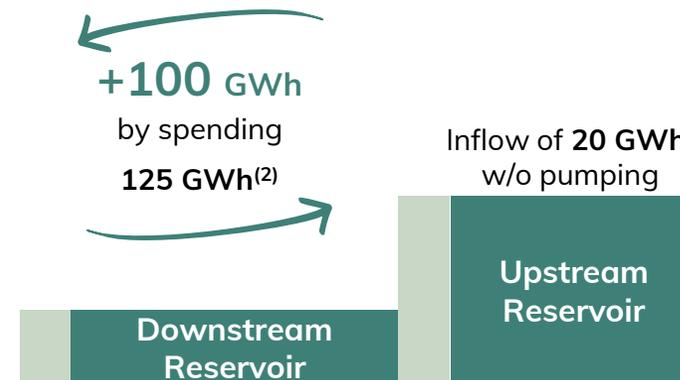
**>400 MW**  
stand-alone storage operating in the US by 2025

## ... and capitalize on a symbiosis with hydro pumping

**2.4 GW**  
pumping capacity in Iberia

- ✓ Competitiveness
- ✓ Large Scale Storage
- ✓ Long Term Storage
- ✓ High Flexibility Levels

### Conceptual Scheme<sup>(1)</sup>



**Pump Upstream** when prices are low

**Generate electricity** when prices are high

**Energy Arbitrage**

(1) All the values utilized in this demonstration are hypothetical; (2) 125 GWh are a result of the desired pumping output (100 GWh) divided by the plant efficiency (80%)

# We are investing and developing capabilities in new routes to market through renewable H<sub>2</sub>



Leveraging our strengths, capabilities and global presence...

Extensive track record in RES

→ Optimal RES mix and competitive sourcing

Excellence in engineering

→ Integration in industrial processes and EDP's thermal assets

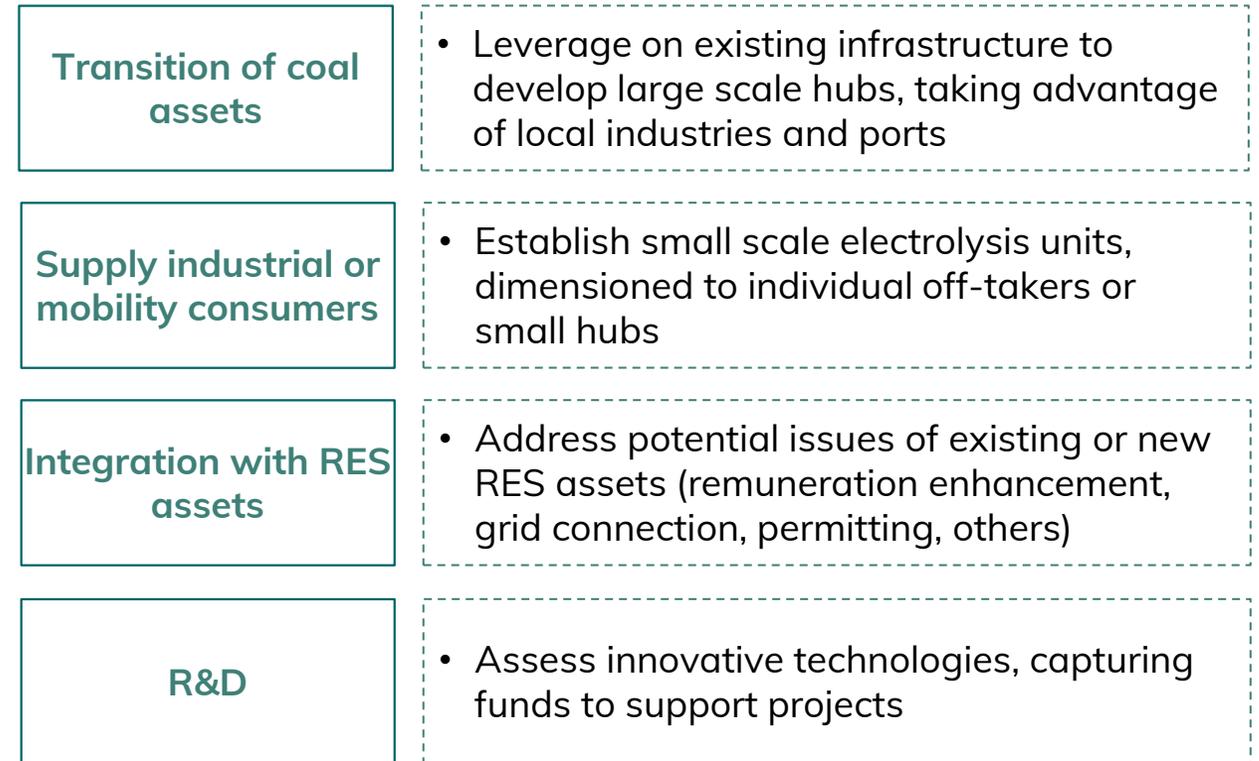
Leader in offering sustainable solutions

→ Identification of potential offtakers and adaptability of contract structures

Strong experience in innovation projects

→ Decrease project risk and investment needs

... to develop a diversified portfolio of projects that will position us for the hydrogen market growth...



... with clear targets for 2025

~250 MW<sup>(1)</sup>  
of electrolyzers

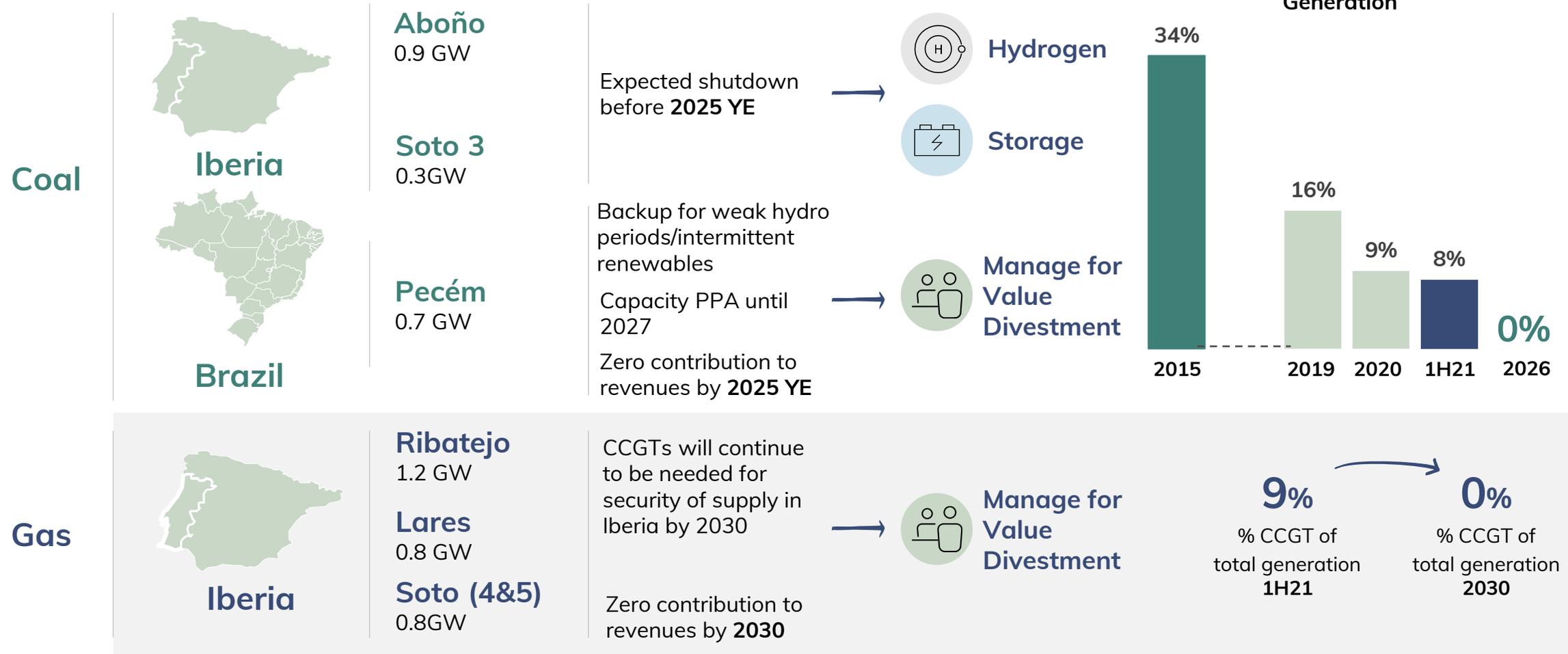
0.5-1.0 GW  
of renewables

(1) With Final Investment Decision until 2025

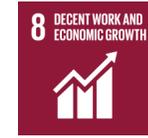
# We are committed to become coal-free globally by 2025 and to reach 100% generation from renewables by 2030



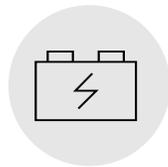
## Thermal Generation Phase-out Plan



# Enabling and leading a just transition is a core value of EDP's strategy



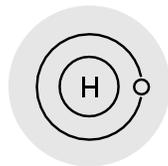
Transition Plans for 5 Iberian coal plant sites<sup>(1)</sup> have been developed along four priorities...



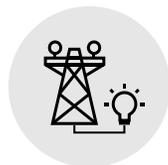
STORAGE



RENEWABLE ENERGY SOURCES



GREEN H2



FLEXIBILITY



Jobs Created

~ 400



CO<sub>2</sub> Avoided

~ 24Mt/year

... while working on solutions for former coal plants' employees

## Social action



Is a local cabinet for social orientation open for social, psychological support and reskilling

## Entrepreneurship



Program to support entrepreneurs in local communities

## Employment



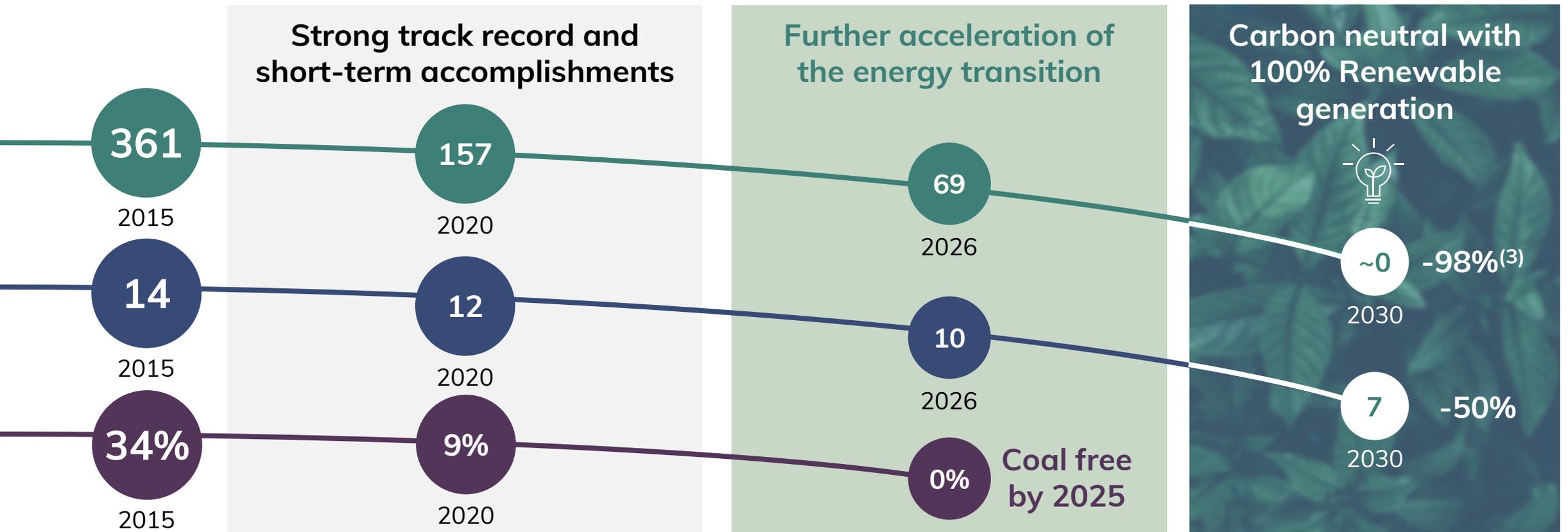
Identifying future economic clusters in the region and help tailor reskilling programmes

1. Sines (shutdown in 2020), Aboño and Soto (still in operation) and Puente Nuevo and Los Barrios (acquired from Viesgo in 2020)

# We are ramping up our efforts to reduce carbon emissions and become carbon neutral by 2030



- # Specific CO<sub>2</sub> emissions (gCO<sub>2</sub>/kWh) <sup>(1)</sup>
- # Scope 3 CO<sub>2</sub> emissions (MtCO<sub>2</sub>)
- % % of Coal of total generation



1. Scope 1 and 2 | 2. These targets were submitted under the Science Based Target Initiative and approved as a Science-based target. [source](#) | 3. Residual emissions compensated

# We systematize and optimize best management practices to mitigate impacts on biodiversity



No new assets in UNESCO's World Heritage Natural Sites

No Net Loss

Active role in education



- Monitor collisions of birds and bats and resulting effects
- Limit accesses that disturb sensitive species and habitats
- Mitigate environmental impacts in all phases of wind projects

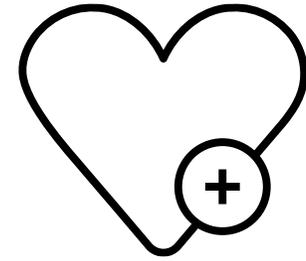


- Restoring and protecting affected habitats
- Improving near-by and far-proximity habitats
- Ensure artificial spawning, recovery of water lines and fish ladders



- Insulation of overhead lines to prevent electrocution
- Maintenance and control of safety distance between lines and the forest to avoid wildfires
- Education and appeal to identify high fire risk situations





## Social



Safe and  
Diverse  
Workplace

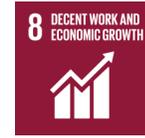


Sustainable  
Value Chain



Local  
Communities

# We continue committed to provide a diverse, fair and inclusive workplace



## 11,610

Employees 2020 YE



### Nationalities



### Gender



### Disabilities

2020  
Baseline

41

Nationalities

2%

Working outside of origin countries

25%

Women among total employees

25%

Women among management

1.2%

Among total employees

2025  
Target

5%

Working outside of origin countries

30%

Women among total employees

30%

Women among management

2%

Among total employees

## Initiatives

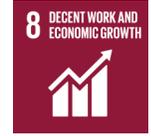


**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office



# We continue committed to provide a safe workplace



## Establishing a strong and present safety culture



### EBD

#### Sponsorship

Visible commitment to the program

#### Transversal

Across all geographies and business units

#### Motivational

Inspire EDP employees and contractors

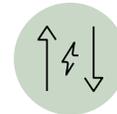
## #Playitsafe Safety program



### Zero accidents and no personal harm



Preventing accidents by ensuring **awareness of the activities' risks**

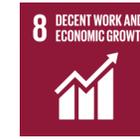


**Reporting unsafe situations**



Developing **preventive strategies** to guarantee our safety and that of those around us

# A Greener future must be fuelled by an entire value chain with aligned targets and principles



## Promote Sustainable Partnerships

**Global Procurement Unit** ensures the integrated coordination of registration, selection, qualification, **ESG assessments and supplier risk analysis**

**Sustainability criteria** aligned with EDP's sustainability strategy

Due diligence of suppliers. **Ban on products linked to forced labour.**

Continuous engagement with suppliers to **reduce carbon emissions**

**100%**  
**Sustainable Partnerships**  
**by 2025<sup>1</sup>**



## Accelerate Circular Economy

2025 Targets

Reduce **total waste** by **85%<sup>2</sup>**

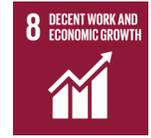
**Waste recovery** from dismantlement of wind farms by **>80%**

Reduce **Freshwater consumption** by **78%<sup>2</sup>**

**90% of total waste recovered by 2030**

1. Purchases compliant with Integrity and Human and Labor rights, Environmental and occupational H&S certification from suppliers exposed to high risks as well as in line with a sustainability performance criteria. 2. vs. 2015 levels.

# We stand for social accountability throughout the energy transition



Through inclusive and responsible initiatives...



## Building foundations for RES investment in Africa

- Partly through A2E fund to **combat energy poverty**
- **€20m** in access to electrification by 2022



## Bringing communities together, sharing energy

- Installing solar panels in Iberian social institutions



## Combat rural depopulation in partnership with Vestas

- Scholarships in 24 eligible places

...we nurture symbiotic relationships with local communities<sup>1</sup>



**1,051**

Beneficiary Entities



**€21M**

Voluntary investment



**1M**

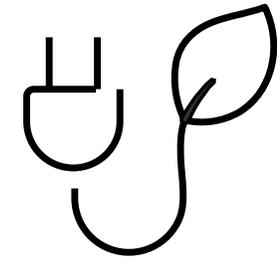
Final Beneficiaries

## + Close

Support the most disadvantaged local groups

- **162** Projects
- **€8.4M** investments in social inclusion

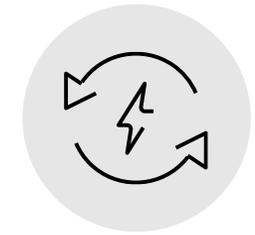
1. All date refers to 2020,



# Closing Remarks



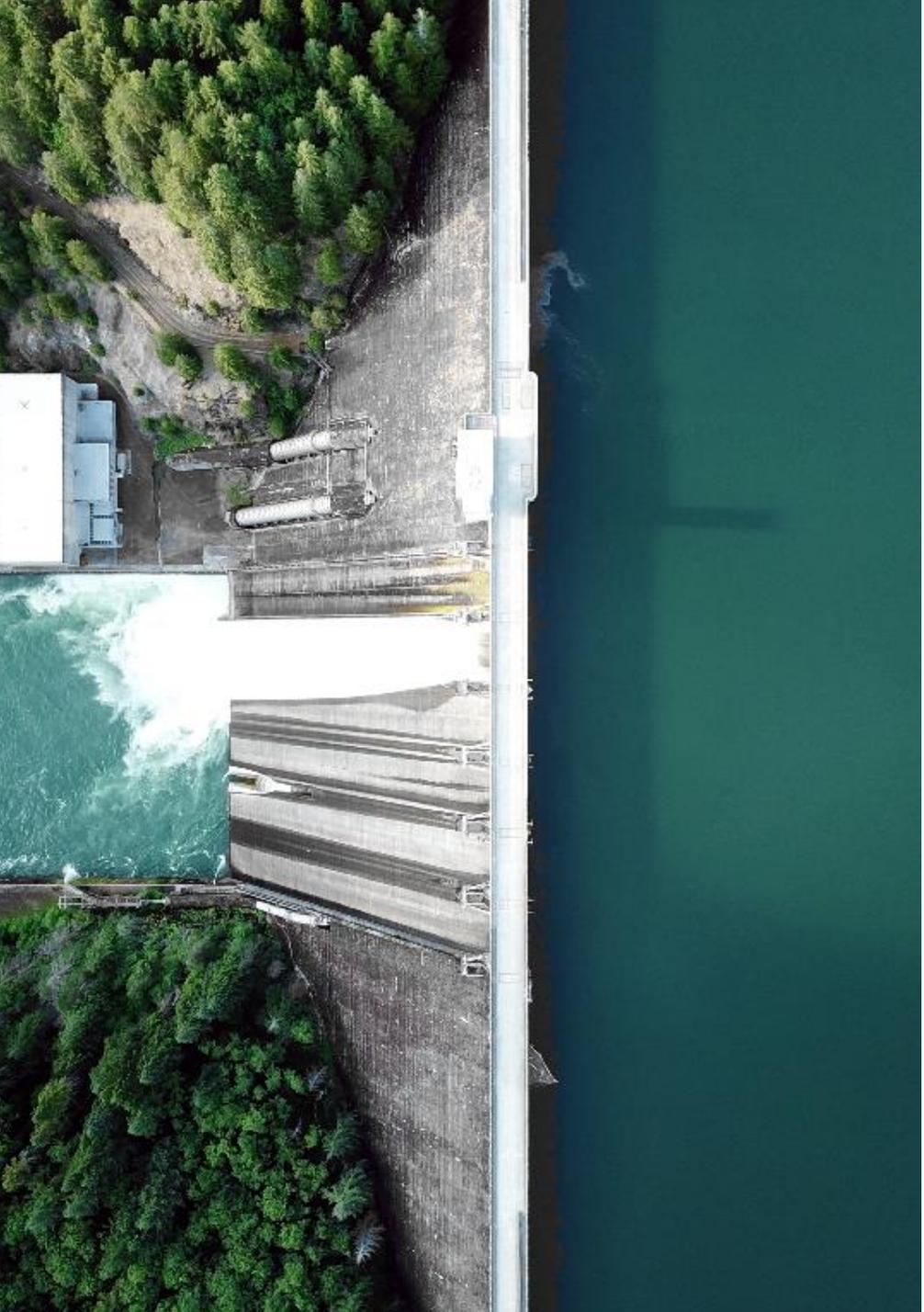
ESG  
Reporting



Green  
Financing



ESG  
Alignment



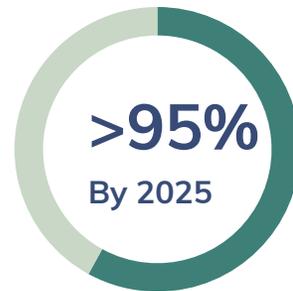
# We will continue to proactively promote the adoption of the most recognized reporting standards

## Our reporting is aligned with several disclosure standards<sup>1</sup>

GRI Standard	✓	Since 2003
SDGs	✓	Since 2015
NFRD	✓	Since 2017
TCFD	✓	Since 2018
SASB	✓	Since 2019
EU Taxonomy	✓	Since 2019



Revenues



CAPEX

## EDP is involved on different task forces<sup>2</sup> on Sustainable Finance

Supporting the developments of the **Sustainable Finance**

### Towards ESG Comparable data...



WG Sustainable Finance Policy Project



CFO Taskforce for the SDGs



WG Social sustainability on Sustainable finance



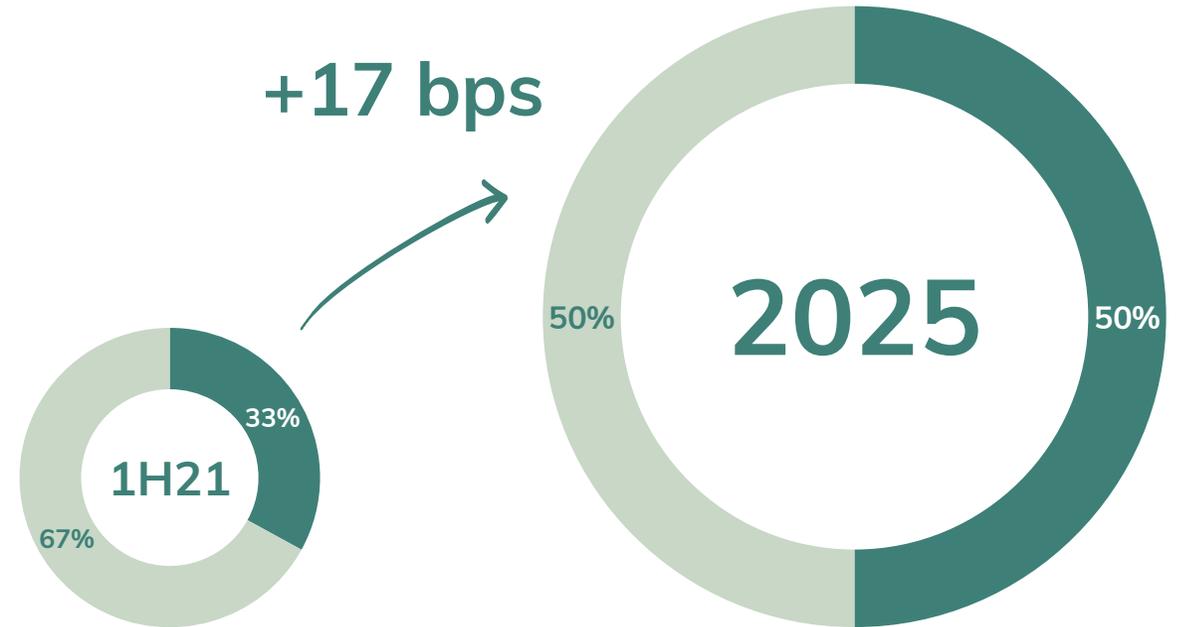
1. This list is not exhaustive as EDP also follows CMVM's recommendations for Financial and Non-Financial ESG information. 2. List not exhaustive

# EDP's capital structure will increasingly reflect its commitment to sustainability

## Sustainable financing driven by green bonds and sustainability-linked instruments

- ✓ > € 6Bn green bonds and hybrids already placed since 2018<sup>(1)</sup>, aligned with our Sustainability Strategy
- ✓ Continued investment in Renewables and sustainable activities
- ✓ Leveraging on growing investor base and strong appetite with no capital restrictions
- ✓ Capture more competitive cost of green / sustainable funding (5-10 Bps)

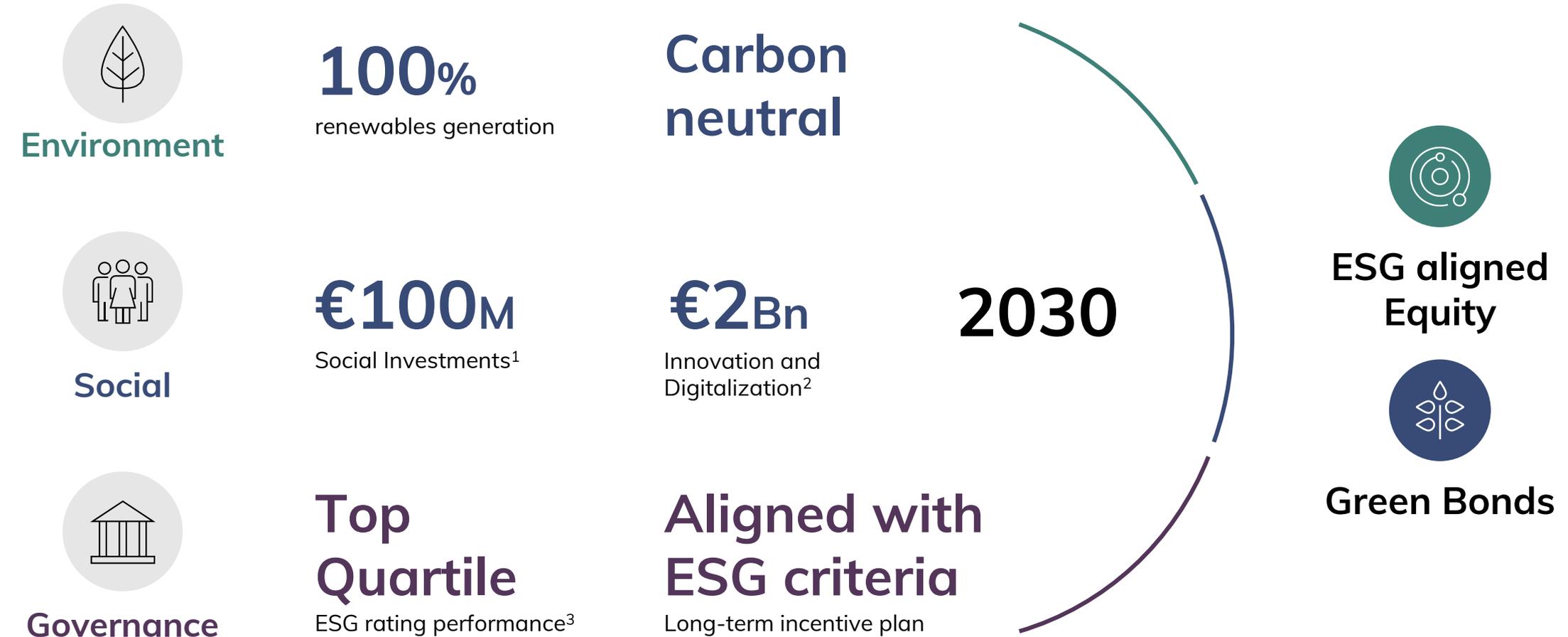
## Share of sustainable funding



EDP is working on the update of its Green Bond Framework in light of new EU Taxonomy

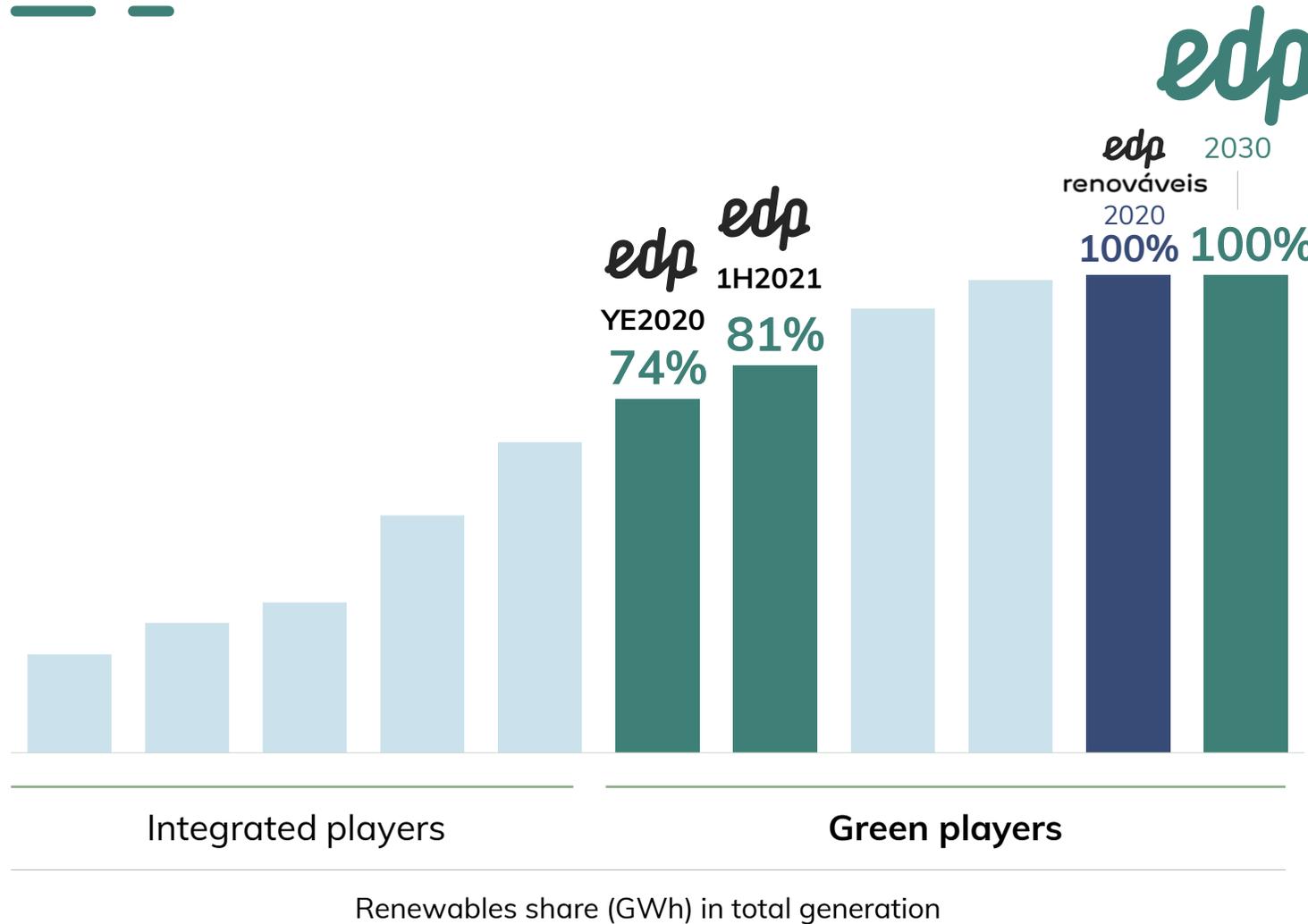
1. For more information, please visit our webpage [here](#).

# We have a unique positioning to seize ESG opportunities across several dimensions



1. Values accumulated since 2021; 2. Until 2025; 3. Includes DJSI, FTSE4Good, MSCI and Sustainalytics;

# We are stepping up our commitments, reinforcing our distinctive position as a Green Leader



**>50 GW**  
renewables  
additions by 2030

Stepping up  
growth and scale

**100%**  
energy transition  
EBITDA by 2030

Going all green  
by 2030

**Carbon  
neutral**  
by 2030

Creating superior value  
for stakeholders



edp

Leading the energy transition to create superior value

**All green**