



2022 Sustainability Report  
EDP España

We Choose Earth

# EDP España Sustainability Report

This Sustainability Report of EDP España has been prepared in accordance with the Essential option, pursuant to the Global Reporting Initiative (GRI) standards and Directive 2014/95/EU of the European Parliament and of the Council, of 22 October 2014, and the national laws transposing it.

This Report supplements the Annual Integrated Report of the EDP Group, as regards its activity in Spain:

## [2022 Annual Integrated Report](#)

The EDP Annual Integrated Report has been prepared according to the international reference standards GRI, SASB, TCFD, and CMVM, and it has been audited by an authorised external entity under the ISAE 3000 standards. This report incorporates the ESG information for all the companies and geographical areas of the EDP Group, including EDP España material information, which is detailed below in this Sustainability Report.

Other ESG reports are:

- Annual Report of the General Supervisory Board
- Climate Transition Plan
- Sectoral reports, particularly: Safety and Business Continuity Report, Internal Audit Report, Ethics Ombudsperson Report, Human and Labour Rights Report, Biodiversity Report, Circular Economy Report, Social Investment Report, and People Report.
- Report on the implementation of article 8 of the European Taxonomy Regulation
- Quarterly ESG reports

The latest published version of all this information is available on the corporate website, in the Transparency and reporting section:

## [Transparency and reporting](#)





## Our purpose

# Our energy

speaks of our resilience, our development,  
and what drives us to continuously offer  
green energy

# and heart

emphasises our people and their  
key role in fulfilling our  
commitment to our customers,  
partners, and communities

# drive a better

reflects our ambition and leadership to  
make change happen

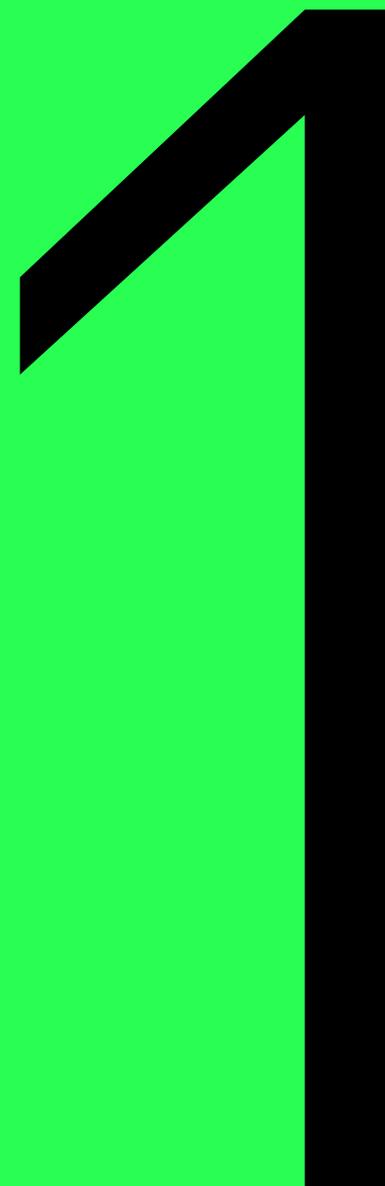
# tomorrow

The reason we work for every day

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# EDP España



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# Letter from the Chairman

The high dependence on fossil fuels of the global energy system, and especially, the European, became patently clear in 2022, in which a supply crisis was triggered by the Ukrainian war.

The necessity of working on the countries' energy independence emerged as a pressing and essential matter, requiring a change in the model, and stressing the importance of the main carbon neutrality drivers: renewable energies (native by nature), the electrification of the economy, and energy efficiency.

This armed conflict has also put a strain on global supply chains, which has derived in a high inflation scenario, still ongoing, which has involved constant rises in interest rates, an aspect that will most likely slow down the economic recovery, entailing social implications.

On the other hand, energy price volatility continues reaching all-time highs, marked mainly by the natural gas price and the extreme drought experienced by Europe. In the case of Spain, the regasification capacity and the introduction of the 'Iberian mechanism' have managed to stabilise these prices, this being a historical milestone in the European energy system in the face of the volatility of international gas prices due to the sanctions imposed on Russia.



Viewing this context as an opportunity to transform the European economic model as a whole, the road to decarbonisation involves a firm commitment to electricity production from renewable sources, renewable hydrogen production, bioenergy, and storage technologies, as well as the so-called facilitators of the energy transition, which include energy grids and the digitisation of the value chain.

In this global and European climate, EDP has committed to accelerate the journey to decarbonisation with ambitious goals, such as being a 100% renewable company by 2030 and reaching Net Zero by 2040.

Specifically, in Spain, we have transformation projects in thermal power plants, including just transition plans signed with the stakeholders. They are renewable hydrogen projects, with potential industrial and logistics off-takers and/or potential export off-takers, in addition to renewable and storage projects. The success of this proposal is endorsed by the IPCEI statement obtained for 3 EDP projects, out of a total of 7 projects approved in Spain.

In accordance with the European social equity goals, the power plant transformation projects entail a portfolio of socio-economic programmes that seek to offset the externalities of the energy transition, creating wealth and employment in the territory, settling population, promoting equality, and fostering environmental recovery.

The current energy transition scenario requires a grid system that is not only sound, but also resilient, smart, reliable, and sustainable. The integration capacity of renewables, the development of distributed generation, and electric mobility are the indispensable contribution of these grids, and EDP Redes España has proven once again its leadership.

Sustainable consumption is the last of the essential levers required for the energy transition, which binds all customers and consumers to adopt their own decarbonisation strategies. Assisting them in this process requires the adoption of basic measures for the electrification of their consumption, such as energy efficiency, photovoltaic solar self-consumption, and the adoption of sustainable mobility strategies, also necessary to reach the Net Zero scenario by 2040.

Yet, as I mentioned in previous letters, achieving excellence in Sustainability and being a leader in the energy transition requires conceiving holistic strategies, ranging from the climate change mitigation and adaptation of all businesses, to the necessity of shifting towards a circular economy model, the protection of biodiversity and natural capital, innovation and digital transformation throughout the value chain, an actual and effective support of gender equality, diversity, equity, and inclusion, or the economic and social development of the communities in which we operate – all in accordance with the company's ethical governance model.

I would like to finish this letter by thanking all the people that are part of the EDP team for their work, and especially, thanks to the General Supervisory Board and the Executive Board of Directors of the Group for their support to the company's development in Spain.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Manuel Menéndez  
Chairman of EDP España

# Letter from the CEO

This is the first letter I sign as CEO of EDP España. And I do so in a year in which the challenging environment has decisively marked the development of this company, which is now presenting this Sustainability Report. The Ukrainian conflict, the high dependence on fossil fuels in Europe, the ensued inflation crisis, and the stress on supply chains, when we had not recovered yet from the COVID-19 effects, have certainly posed a massive challenge.

In these circumstances, my first thought goes to people and their safety. In a company focused on people such as EDP, health and safety at work is a core issue. In our case, the #Playitsafe programme has defined a health and safety strategy which has emphasised the importance of building, increasing, and adopting safety habits in our daily behaviours and in those around us.

The business has been marked by our ambitious strategic plan, whose core lines draw a resolute commitment to the energy transition, accelerating generation decarbonisation projects, including renewable hydrogen, energy storage and flexible services projects, as well as more digital, sensor-equipped, and smarter grids, and with a leading development of business solutions for the electrification and decarbonisation of our customers, based on efficiency, solar self-consumption, and mobility.

In this area, regulatory stability becomes key to boost investments in a foreseeable scenario.



In line with the commitment adopted by the EDP Group to accelerate the just energy transition, in 2022, we have launched projects for the four sites of the current power plants. They are mature, actual, and feasible projects, among which we could mention the projects in the Hydrogen Valley in Aboño (Asturias) and in Los Barrios (Cádiz), both declared Important Projects of Common European Interest (IPCEI Hy2Use). In addition thereto, we also have hydrogen and energy storage projects in Soto de Ribera (Asturias), and renewable projects in Puente Nuevo (Córdoba).

The Generation Platform has stood out on due to its flexibility, availability, and profitability, maintaining average availability above 85% in our power plants, and a total generation of 12.4 TWh, a 39.3% increase with respect to the previous year.

In the Grids Platform, our absolute leadership as regards quality is again the general tone, having achieved a historic record in the TIEPI (Installed Power Equivalent Interruption Time) indicator (17.5 minutes). The investments have reached 157 million euros, giving shape to a smarter and more prepared grid for the electrification of the economy, which will allow a better penetration of renewable energies, the mass development of distributed generation, and sustainable mobility.

In the Customers Platform, we have increased the retailed electricity volume and the contracting terms, in a year which we could call tempestuous due to the extreme price volatility. In our relationship with customers, the strategy involves delivering higher value, which has been structured through an extensive portfolio of sustainable services. This way, in less than three years, EDP has conquered a relevant position in the solar self-consumption market, with exponential growth in sales and installations in B2C and B2B, thanks to the success of external partnerships and the creation of new channels. In total, more than 67 MWp have been installed in 2022.

Electric mobility is also an important driver for the decarbonisation of our customers. In 2022, a very demanding regulatory framework was approved for the development of public charging solutions, which we, in EDP, have successfully met, with more than 1,800 charging points installed, counting, once again, on strategic alliances with different business partners.

Customers are increasingly aware of sustainability, and demand the accreditation of the performance through the EcoVadis index, in which we have defended our platinum medal and have stood out as leader utility with 85 points. This ESG excellence is also conveyed to the distribution business, where, as EDP Redes España, we are global leaders in the GRESB index, having attained the maximum possible score among the assessed electricity distribution companies.

This position reflects our ambitious Sustainability Plan, in which climate change remains the essential global challenge. Our commitment is maintained, with the goal of becoming a 100% renewable company by 2023, and reaching a Net Zero scenario by 2040, getting ten years ahead with respect to the Paris Agreement.

For this purpose, we carry on implementing mitigation and adaptation plans designed in accordance with the international best practices; the adoption by the entire Company of the circular economy strategy and our pioneer calculator Circumetric; and a positive contribution to nature, assuming responsibilities for natural capital and biodiversity derived from our activities.

From the social point of view, we should highlight the Plan of Action with the stakeholders in our social and territorial environment, EDP Suma+, in which ENTAMA is the main and most successful programme, due to its impact on employability. In its 4th series, ENTAMA has supported more than 40 projects which have involved more than 57 direct positions. The projects included in the Plan generate wealth and create value in the areas in which we operate.

Ethics, integrity, and human rights are the cornerstones of our governance model, regarding which we could highlight, in this year, the effective implementation of the integrity due diligence processes throughout the value chain, the certification of our Compliance system, the review of the Code of Ethics, and the approval of the Diversity, Equity, Inclusion, and Belonging Policy.

Through the foregoing, we thus assume a greater commitment to Agenda 2023 and the United National Global Compact and its 10 principles, envisaging a sound, firm, and prestigious business model, according to a volatile and transition context, as a company focused on people, with trusting relationships and partnerships with many stakeholders in all the areas in which we operate.

Innovation, one of our main strengths as EDP Group, is certainly also present in this whole agenda. As the electricity sector is changing at an unprecedented pace, we have adopted a new approach focused on projects that may represent opportunities of growth, or that allows us to go beyond existing markets and models in which we feel comfortable. We want to get to know the most promising startups and support, through corporate venture instruments, those that display a more mature business, proved feasibility, and solutions that contribute to face climate change and energy transition demand.

To conclude, I would like to express my heartfelt gratitude to the entire EDP España team, whose commitment and dedication have allowed us to meet the company goals, growing as an agile and efficient organisation prepared for the challenges ahead, and I would like to thank the Board of Directors for all their support, which has been fundamental to achieve and maintain our reached performance.

We are living a moment of great uncertainty, but we have set ourselves a clear path and ambitious goals which we are ready to face. I am counting on you to tread this path together.



Ana Paula Marques  
CEO of EDP España

# Our year

## Jan

- Launch of the global campaign #REBELSFORCHANGE, aimed at raising awareness and promoting female participation in Science, Technology, Engineering, and Mathematics (STEM) careers

## Feb

- EDP España awarded in the Go!ODS Awards for the ENTAMA programme supporting entrepreneurs

## Jun

- Launch of the global campaign 'We Choose Earth'

- EDP España recognised as 'Distinguished Entity' by COIIA

## May

- playitSAFE: Launch of a world monthly campaign related to risks

- Viesgo and Begasa renew their ISO certifications for occupational health and safety and road safety

## Apr

- EDP Y.E.S: global programme to invest more than €300 M in social impact projects up to 2030

- Circumetric wins the regional prize in the 12th European Week for Waste Reduction

- EDP España obtains UNE 19601 and ISO 37001 certifications

## Mar

- Ana Paula Marques, new CEO of EDP España

- Ethisphere recognises EDP as one of the most ethical companies in the world

- LIFE Stop Cortaderia short-listed in the European Natura 2000 Award

## Jul

- EDP España renews its ISO 45001 certification for its Health and Safety Management System

## Aug

- EDP España renews its EcoVadis platinum medal, standing out as utilities leader

## Sep

- EDP leads the European green hydrogen map

- EDP España, ranked among the 100 best companies to work at in Spain

## Oct

- EDP Redes España, global ESG leader in the GRESB Index

## Nov

- EDP signs the Pact for Mental Health and is awarded the Global Healthy Workplace prize

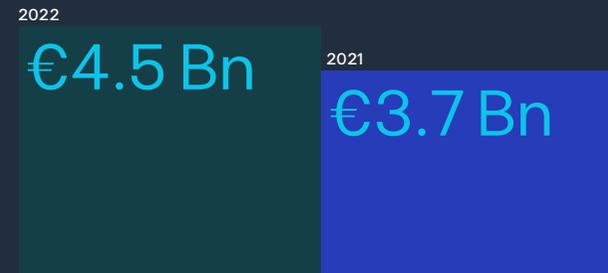
## Dec

- EDP, world leader in the Dow Jones Sustainability Index

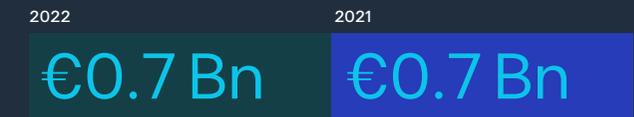
# Key Figures

## Financial data

EBITDA



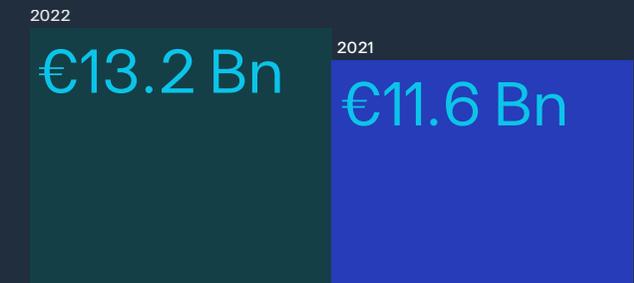
Net profit



Net investment



Net debt



EDP España operational data

<p>Generation</p> 	<p>Distribution</p> 	<p>Retail</p> 	
<p><b>3,283 MW</b> Installed power -3.2% vs 2021</p> <p><b>12,362 GWh</b> Net production +39.2% vs 2021</p>	<p><b>13,286 GWh</b> Distributed energy -5.7% vs 2021</p> <p><b>1,383,123</b> Supply points +0.5% vs 2021</p> <p><b>52,643 Km</b> Grid kilometres +0.3% vs 2021</p>	<p><b>12,244 GWh</b> Retailed electricity +11.7% vs 2021</p> <p><b>3.284 GWh</b> Retailed gas -14.0% vs 2021</p>	<p><b>20,642</b> Clientes Electricidad (B2B) -6.4% vs 2021</p> <p><b>3,607</b> Gas customers (B2B) -17.9% vs 2021</p>

**ESG data**

	Indicator	Unit	2022	2021	Var
 Environmental	Generation from renewable sources	%	4%	9%	-59%
	Recovered waste	%	93%	93%	=
	Specific CO2 emissions	gCO2/kWh	850	927	-8%
	Assets certified under ISO 14001	%	100%	100%	=
	Coal installed capacity	MW	1820	1820	=
	Environmental investment	€ M	36.8	37.6	-2%
 Social	Engagement level (top tier company)		✓	✓	
	Employee no.	#	1361	1,330	2%
	% of women	%	24%	23%	4%
	Training hours	h	53,470	39,954	34%
	Employees who have received training	%	1,392	1,388	=
	No. of accidents involving leave of own staff	#	2	3	-33%
No. of accidents involving leave of contractors	#	11	8	38%	
 Governance	Women in leadership positions	%	23%	23%	=
	Remuneration linked to ESG for the top management		✓	✓	=
	Cybersecurity		✓	✓	=
	Upper quartile in sustainability indices		✓	✓	=

## Our values

### Innovation

With the aim of creating value in the different areas in which we operate.

### Sustainability

For the purpose of improving the quality of life of current and future generations.

### Social responsibility

Aimed at building true and trusting relationships with our customers, suppliers, partners, and local communities.

## Our commitments

### Sustainability

We assume the social and environmental responsibility resulted from our activity, thus contributing to the development of the regions in which we operate. We avoid specific greenhouse gas emissions through the energy we produce, and we guarantee a competent, honest, and engaging governance of our business.

### Customers

We put ourselves in our customers' shoes whenever a decision needs to be made. We listen to our customers and answer them in a plain and transparent way. We surprise our customers, getting ahead of their needs.

### People

We combine professional conduct and rigour with enthusiasm and initiative, fostering teamwork. We promote skill-building and merits. We believe that balance between personal and professional life is essential to succeed.

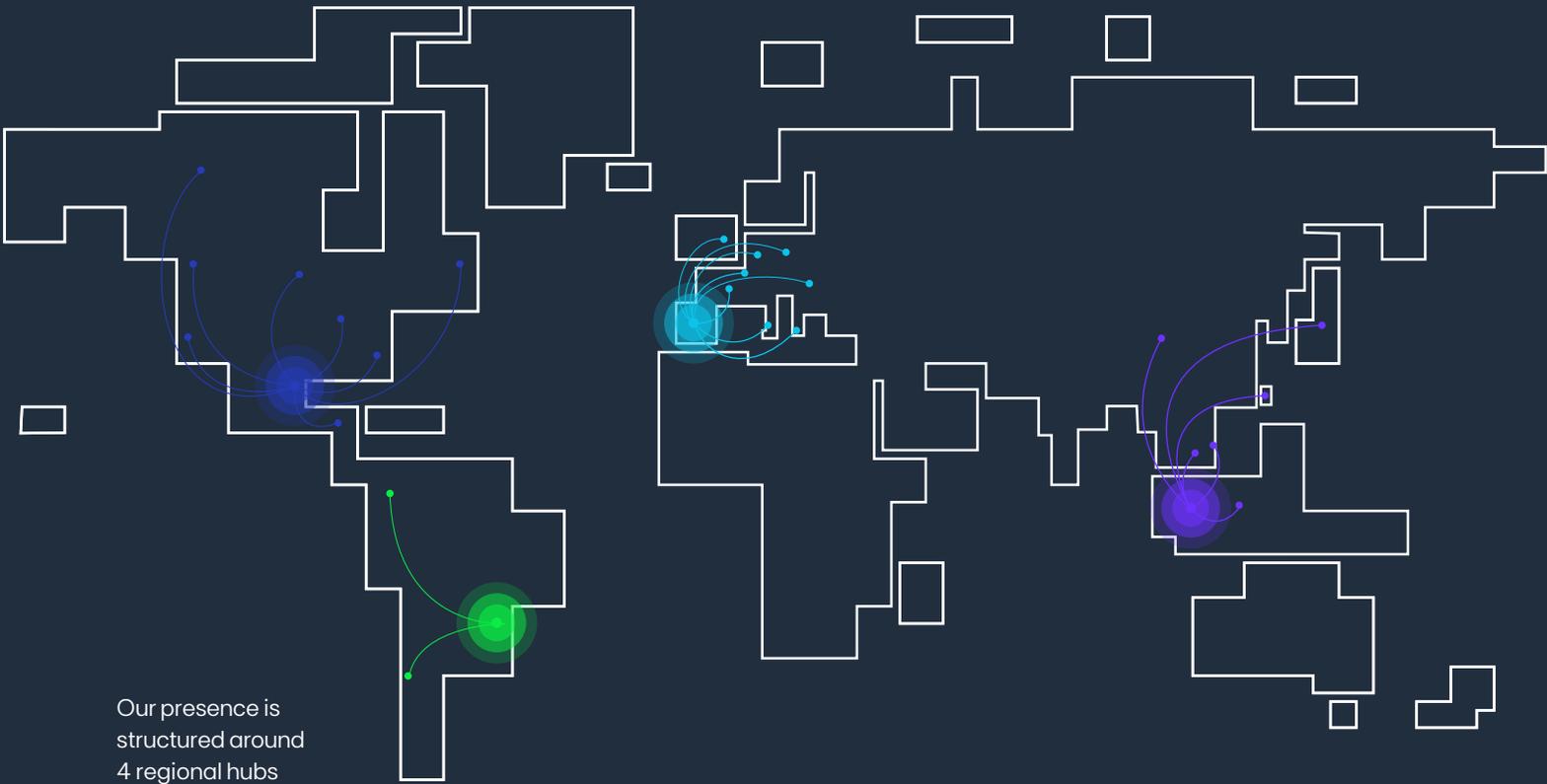
### Results

We meet the commitments assumed vis-à-vis our shareholders. We are leaders thanks to our anticipation and execution capacity. We demand excellence in everything we undertake.



# Our Vision

**Being a global energy company,  
leading the energy transition to  
create higher value**



Our presence is structured around 4 regional hubs

Region	Main Offices	Solar capacity (MW)	Wind capacity (MW)	Hydraulic capacity (MW)	Grids (,000 km)	Customers (,000 #)	Employees (#)
Europe	Lisbon, Oporto, Oviedo, Madrid	11,184	285			5,540	8311
Pacific Asia	Singapore	726				531	
North America	Houston	7,242				1,041	
South America	São Paulo	3,066	98			3,586	3,328

Solar capacity (MW)   
 Wind capacity (MW)   
 Hydraulic capacity (MW)   
 Grids (,000 km)   
 Customers (,000 #)   
 Employees (#)   
 Main offices

# EDP around the world

45 TWh  
74% generation of renewable energy

13,211  
employees

# Our business model

[Trends](#)[Market](#)[Stakeholders](#)

## Resources



### Infrastructures

- 0.44 GW of renewable installed capacity (Hydraulic)



### Intellectual

- €86.8 M investment in innovation
- Brand
- Partnerships



### Humanos

- 1,361 employees
- Supply chain



### Social

- +€420 k in social investment
- Suppliers
- Business partners



### Environmental

- Renewable and non-renewable resources

## Production

The production activity is the first activity in the value chain in the electricity sector. Electricity is produced from renewable and non-renewable sources. In EDP España, 3.7% of energy is produced from renewable sources.



## Transmission

EDP España has no transmission assets; in Spain, this activity is carried out by Red Eléctrica de España (REE).



Being a global energy company, leading the energy transition to create higher value



## Retail

In the retail activity, the distributed energy reaches the supply point, where it is sold by the retailer. Retail is the closest activity to the end customer. EDP España has firmly committed to new solutions for customers, responding to the energy transition challenges.

## Distribution



In the distribution activity, the grid owners are responsible for the energy being available in a reliable and uninterrupted way in the supply points. The electricity distribution grids are comprised by high-, medium-, and low-voltage lines. Substations and transformation centres are also an integral part of the distribution activity

## Results



### Financial

- Debt financial management



### Infrastructures

- Quality and efficiency in electricity supply
- 12.3 TWh of generated electricity and 13.8 MWh of distributed electricity



### Intellectual

- Innovative products and services
- Gained knowledge



### Human

- 1,361 employees out of which 23.7% are women
- > 39 hours of training per employee
- Employees in more than 11 autonomous regions



### Social

- 307 EDP volunteers
- 1,038 hours spent as EDP volunteers
- 72 beneficiary entities
- 7.6/10 B2B customer satisfaction



### Environmental

- 850 gCO<sub>2</sub> /kWh of emissions
- 99% of recovered water out of collected water
- Effluent and waste management

## Impacts

- Minimisation of financial risks
- Debt reduction

- Guaranteeing quality and efficiency in electricity supply
- Promotion of safe infrastructures and equipment

- Boosting of innovation and research
- Promotion of sustainable consumption behaviours
- Capitalisation of gained knowledge

- Boosting of diversity and equal opportunities
- Promotion of employees' skill-building
- Promotion of well-being and safety at work
- Boosting of employee satisfaction

- Reputation and recognition
- Promotion of social investment
- Promotion of customer satisfaction
- Promotion of an ethical culture among suppliers

- Reduction of specific emissions S1+S2 vs. 2015
- Energy saved by customers since 2015
- Conservation of biodiversity

# Stakeholders Management

The management of stakeholders has long been one of our strategic priorities in order to anticipate the need to meet increasingly demanding ethical and transparency rules for companies

The relations with the different stakeholders have also acquired an increasing relevance in the corporate world, as one of the ESG (Environment, Social, Governance) pillars, since they have been consolidated as one of the priority metrics for the investor community and the society in general.

Our consistency and commitment to this strategy is clearly evidenced by our international recognition as the best-in-class, for the fifth year in a row, in the Dow Jones Sustainability Index' criteria regarding stakeholder engagement and influence on policies. We uphold our commitment to retain the excellence

achieved in this sphere, fostering dialogue with our stakeholders, adapting, and improving our procedures, and incorporating different opinions in our action plans. Thus, the management of stakeholders is conducted in accordance with the Stakeholder Relations Policy of the EDP Group and the Methodological Guide on Stakeholder Relations Management.

This line of action is aimed at building and strengthening relationships of trust, sharing knowledge and relevant information, anticipating challenges, and identifying new opportunities for cooperation in the face of the challenges we, as a group, are confronting in all the geographical areas in which we operate.

The four major commitments on which our Policy is based are: to understand, to communicate, to trust, and to collaborate.

## STAKEHOLDER ENGAGEMENT POLICY OF THE EDP GROUP

### Understand

> INCLUDE > IDENTIFY > PRIORITISE

- We identify the stakeholders that influence and are influenced by EDP.
- We analyse and try to understand the stakeholders' expectations and interests in the decisions that directly affect them.

### Communicate

> INFORM > LISTEN > UNDERSTAND

- We commit to promote a two-way dialogue with stakeholders, through information and consultation actions.
- We listen, inform, and reply our stakeholders in a consistent, clear, rigorous, and transparent way, with the aim of forging close, solid, and lasting relationships.

### Trust

> TRANSPARENCY > INTEGRITY > RESPECT > ETHICS

- We believe that fostering an environment of trust with our stakeholders is crucial to establish steady long-term relationships.
- Our relationship with our stakeholders is based on values such as transparency, integrity, and mutual respect.

### Collaborate

> INTEGRATE > SHARE > COOPERATE > INFORM

- We aspire to collaborate with our stakeholders in the creation of strategic joint alliances, and to share knowledge, skills, and tools, thus promoting the creation of shared value in a distinguishing way.

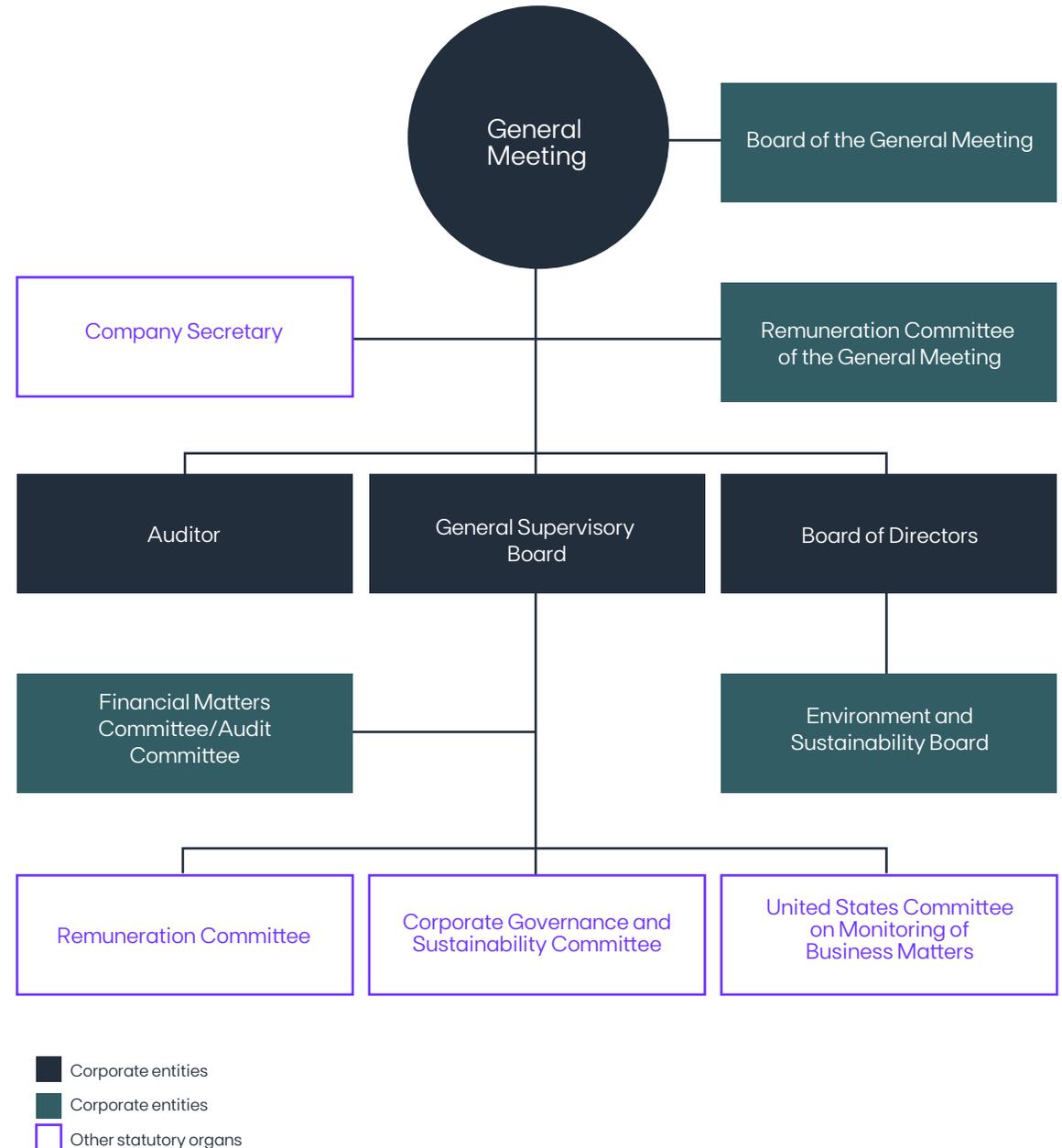
## Organisation of Sustainability

In year 2003, the EDP España Environment Division was created with the goal of running the implementation of the environmental and sustainable development policies in accordance with the strategic goals of the Group and the current regulations.

In 2020, the Environment Division included the management of Sustainability, Innovation, Climate Change, Quality, and Stakeholder Management for the EDP España Group, thus giving shape to the current Environment, Sustainability, Innovation, and Climate Change Division (DASIC).

At least twice a year, the Environment and Sustainability Committees hold a meeting (jointly with Quality and Stakeholder Management), in which those responsible for each Platform, together with the DASIC, proceed to monitor the material matters in their respective activities.

In addition to the monthly report presented to the Management Committee, 3 annual monographic sessions are held with the Top Management for a detailed review of the sustainability management in the organisation, as well as one last annual monographic session with the Board of Directors.



<sup>2</sup> Corporate entities are also corporate bodies, pursuant to article 8, section 4, of the Articles of Association of EDP.

# Profile of the EDP España Group

## Production

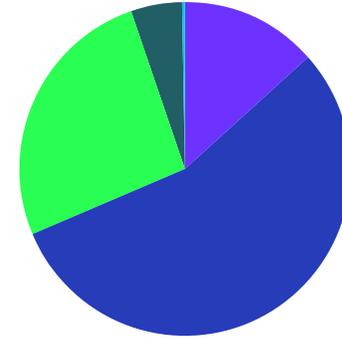
Electricity is generated from renewable or non-renewable energy sources. The energy produced through traditional sources comes mostly from coal, natural gas, nuclear energy, and cogeneration. In the case of renewable sources, it comes essentially from water, wind, and sun. The energy produced is sold to the wholesale market. Investments in wind and centralised solar energy are made through EDP Renovables.

**3.3 GW**

Installed capacity

**459 GWh**

100% renewable electricity produced



- 13.4% Hydraulic
- 5% Nuclear
- 55.4% Coal
- 0.2% Cogeneration
- 26% Natural gas

### Who we are

We are the Spanish subsidiary of the Portuguese multi-national EDP, world leader in the energy sector and one of the main operators in the Iberian Peninsula, present in 29 countries and 4 continents.

We have 13,211 employees, out of which 1,361 belong to EDP España, and they are present throughout the electricity value chain (production, distribution, and retail), in the gas retail activity, and in the energy services such as photovoltaic self-consumption or sustainable mobility, among others.

## Transmission

In the transmission activity, the owners of the grids allow the passage of the produced energy. The energy transmission grids consist of high-voltage power lines which subsequently channel energy to the distribution grids. EDP España has no transmission assets. In Spain, the transmission activity is carried out by Red Eléctrica de España (REE).

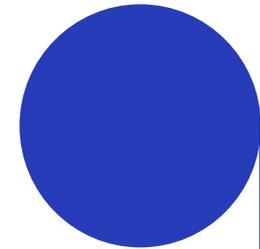
## Energy management

The energy management activity covers the global management of the volume and price risk, from the purchase of fuel to the sales price for end customers.

## Distribution

In the distribution activity, the grid owners are responsible for the energy being available in a reliable and uninterrupted way in the supply points. The electricity distribution grids are comprised by high-, medium-, and low-voltage lines. Substations and transformation centres are also an integral part of the distribution activity.

In Spain, the distribution activity is performed under the brands E-Redes and Viesgo,



**13,286 GWh**  
Distributed electricity

**52,643 KM**  
of lines

**75%**  
of overhead lines

**25%**  
of underground lines

## Retail

The retail activity includes the purchase of energy in the wholesale market, the payment of access tariffs or fees for using transmission and distribution grids and the sale of electricity and gas to the end consumer. The customer portfolio of EDP España includes customers from the B2B segment, as well as the B2C segment in the self-consumption and mobility products.

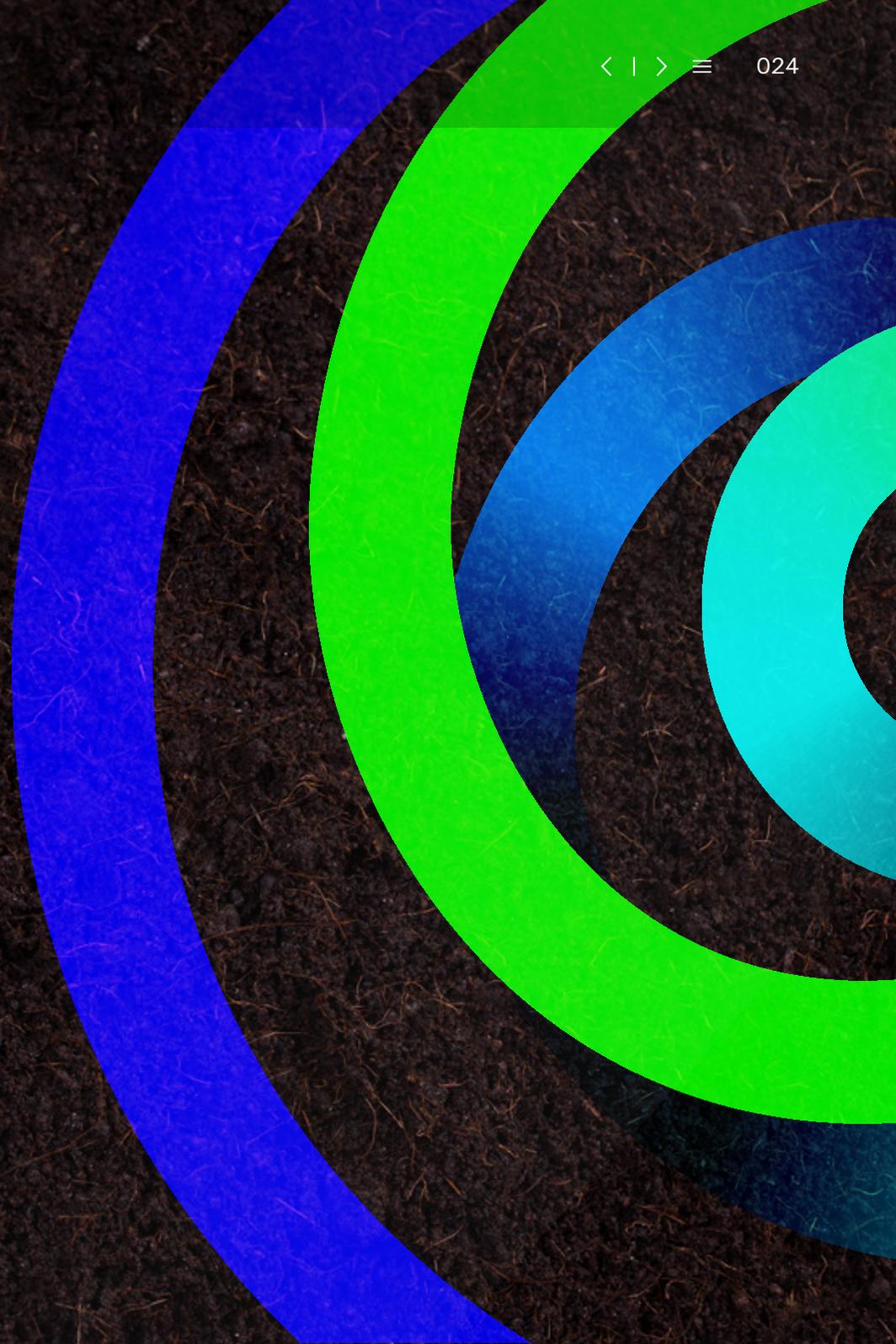
**15,528 GWh**  
Retailed energy

**3,607**  
B2B gas customers

**20,642**  
B2B electricity customers

**14,225**  
Customers with sustainable services  
(B2B+B2C)

# Our heart



# Sustainability Strategy



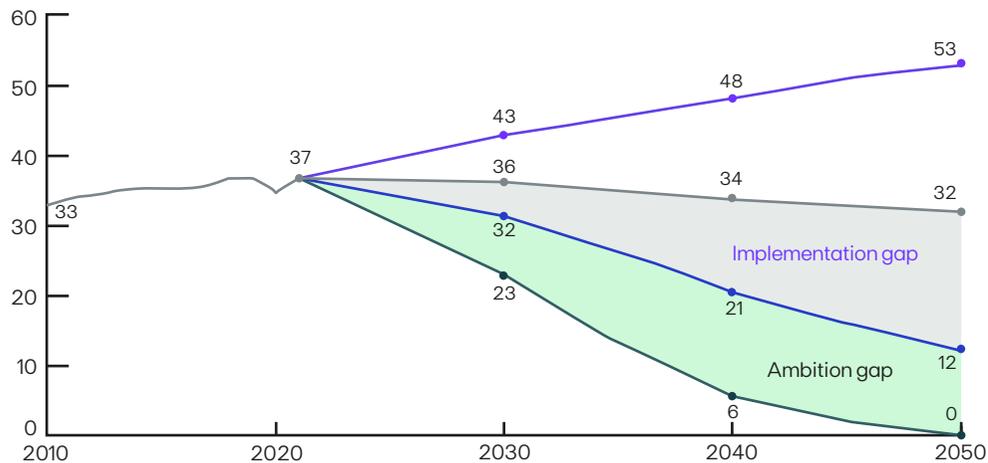
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# Global energy trends

## A unique challenge ahead

To limit the temperature increase to 1.5 °C with respect to pre-industrial levels, it is necessary to **completely decarbonise the economy by 2050**. In order to overcome this unprecedented challenge, a **coordinated commitment** by all countries is required, in which all the public administrations, companies, and consumers participate. At present, **more than 130 countries** have announced or are considering net-zero emission goals, which means **83% of global emissions**. This corresponds to more than 90% of the world GDP and 80% of the world population. However, the announced commitments are not enough as regards the 2050 target, as there is still an ambition gap that needs to be covered (figure 1).

GLOBAL CO<sub>2</sub> EMISSIONS PER SCENARIO, 2010-2050



Source: International Energy Agency, World Energy Outlook 2022

- Pre-Paris agreement scenario
- Scenario of announced commitments
- Scenario as per already approved policies
- Net-zero scenario

<sup>1</sup>Data extracted from the Net Zero Tracker on 6 January 2023.  
Data in thousand million tons of CO<sub>2</sub>

Guarantee energy access for all the inhabitants of the planet is essential for an efficient and clean energy consumption. In disadvantaged households, the use of polluting low-quality fuels is frequent, which, in addition to the use of inefficient equipment, negatively affects health and the environment. The International Energy Agency (IEA) calculates that, by 2030, **no person will lack access to electricity**, compared to the 770 million people that do not currently have access to it.

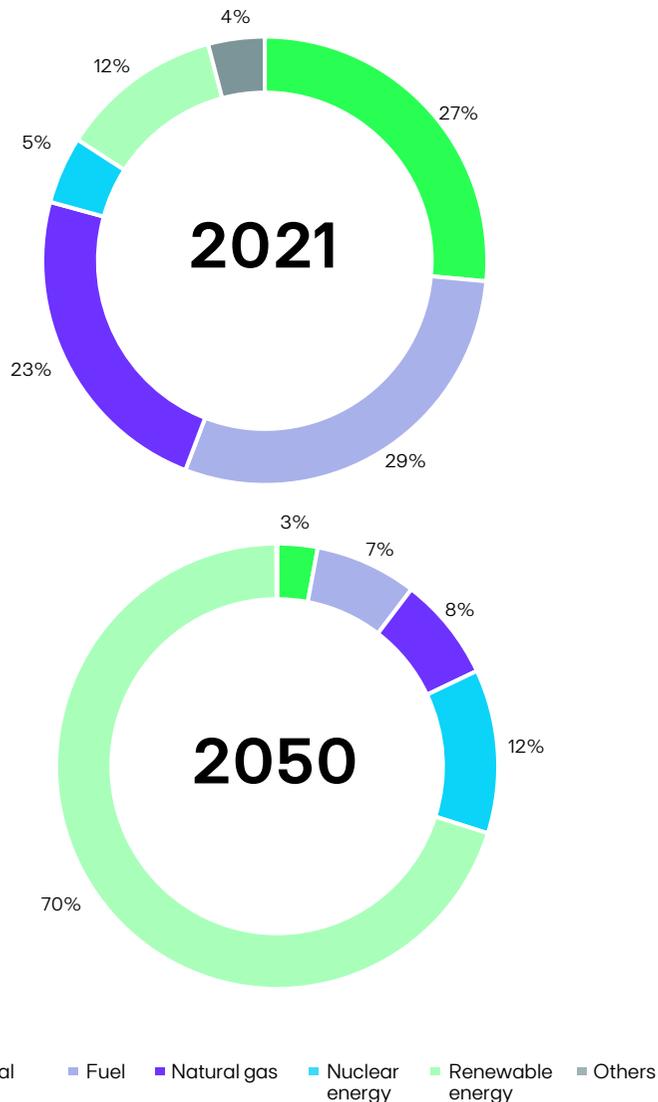
## An energy transition based on 3 fundamental cornerstones

**Year 2022 was marked by a global energy crisis**, with high prices of raw materials and commodities that affected both companies and households. It revealed the weakness of an energy system dependent on fossil fuels, which **reinforced the need for change and the importance** of the main **carbon neutrality drivers: renewable energies, electrification of the economy, and energy efficiency**.

In the Net-Zero Emissions scenario of its 2022 World Energy Outlook, the IEA estimates that **clean technologies will have to dominate the energy mix** to make energy transition possible. At present, fossil fuels represent 80% of the demand of primary energy, but in the next decades, this paradigm will need to be changed completely. **Renewable energies** should represent **70% of the energy combination by 2050** and the remaining fossil fuels should be combined with carbon sequestration and storage technology (figure 2).

Decarbonisation is happening at a faster pace in the electricity sector, in which renewable energies already are a cost-competitive solution for most of the key markets in the world. More than two thirds of the world population live in countries in which onshore wind energy or photovoltaic solar energy are the cheapest solutions for new constructions (BloombergNEF). Electricity solutions are usually more efficient than other alternatives, such as electric vehicles or heat pumps. To sum up, the electrification supported by a combination of renewable energies is the most effective solution for a cleaner and more efficient energy consumption.

## GLOBAL DEMAND OF PRIMARY ENERGY ACCORDING TO THE NET-ZERO SCENARIO



**Energy efficiency** plays a key role, since more efficient equipment guarantee a **lower energy consumption**, which reduces costs and translates into **lower energy bills for consumers**. Some of the most effective energy efficiency measures are the renovation of buildings and the investment in efficient household appliances, which reduce the consumers' energy needs and improve thermal comfort.

### Other clean technologies are required to achieve carbon neutrality

Renewable energies, electrification, and energy efficiency will be the main solutions to promote carbon neutrality. However, the global decarbonisation efforts will need to be **supplemented by investments in alternative technologies with low carbon emissions**, especially in the sectors in which reducing emissions is harder.

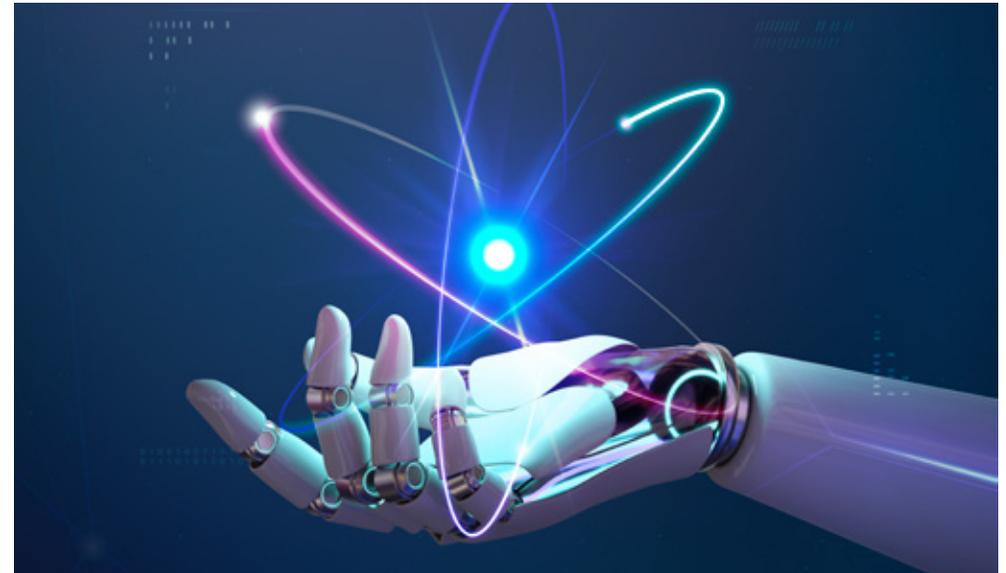
**Renewable hydrogen** is expected to play a significant role in sectors such as **heavy machinery industry, heavy long-distance vehicles, maritime transport, and aviation**. Considering the expected decrease in the cost of electrolyzers and electricity generation, renewable electrolysis is the cleanest and most competitive solution to produce hydrogen. Renewable hydrogen has gained global recognition and, nowadays, more than 50 countries have or are preparing a National Hydrogen Strategy (BloombergNEF).

The future electricity system will require a significant **increase in the availability of flexible technologies in response to the intermittent nature of renewable energies**. From mature technologies to those that are still under development, they shall perform an important role, **including pump and battery storage, interconnections, and upon-demand response**.

## Innovation and digitisation as key factors

In order to achieve the decarbonisation targets, innovation will be essential, as it is necessary to adopt the existing technologies at a faster pace, while new ones are being developed. Research and development will be fundamental to keep developing technologies that are still in their prototype or demonstration phase, and without which it will not be possible to achieve carbon neutrality.

Digitisation also offers several opportunities for public services throughout the value chain, fostering energy transition. As regards generation, the digitisation solutions will consist in incorporating data into daily activities to maximise the results and the efficiency of operations (for example, predictive maintenance, automated work). As for grids, a more digital business will facilitate the management of a system involving much higher levels of renewable energies and distributed energy resources, while it will make operations more efficient (for example, smart meters, smart grids, predictive maintenance). In the retail sector, digitisation will allow to integrate an increasingly higher number of distributed resources and reconsider business models, customer interactions, products, and services.

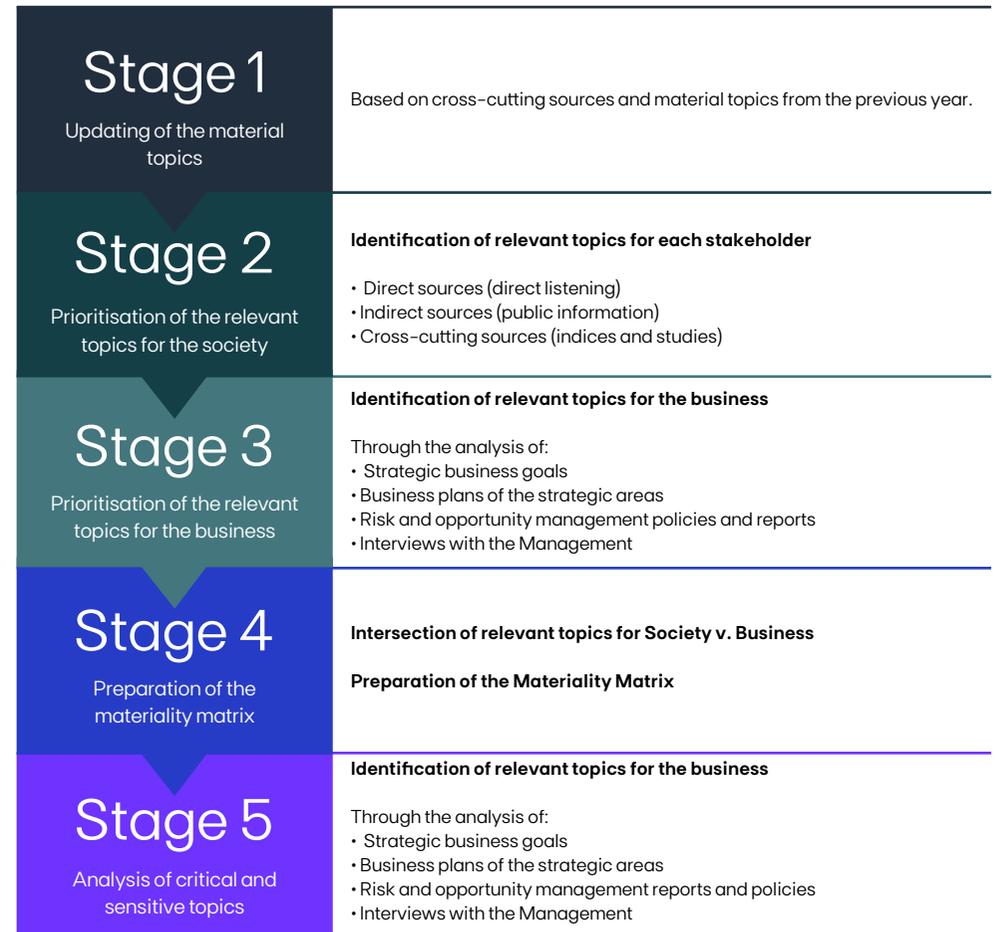


# Materiality

The materiality analysis allows to identify the relevance of non-financial topics on a joint basis for stakeholders and for the business.

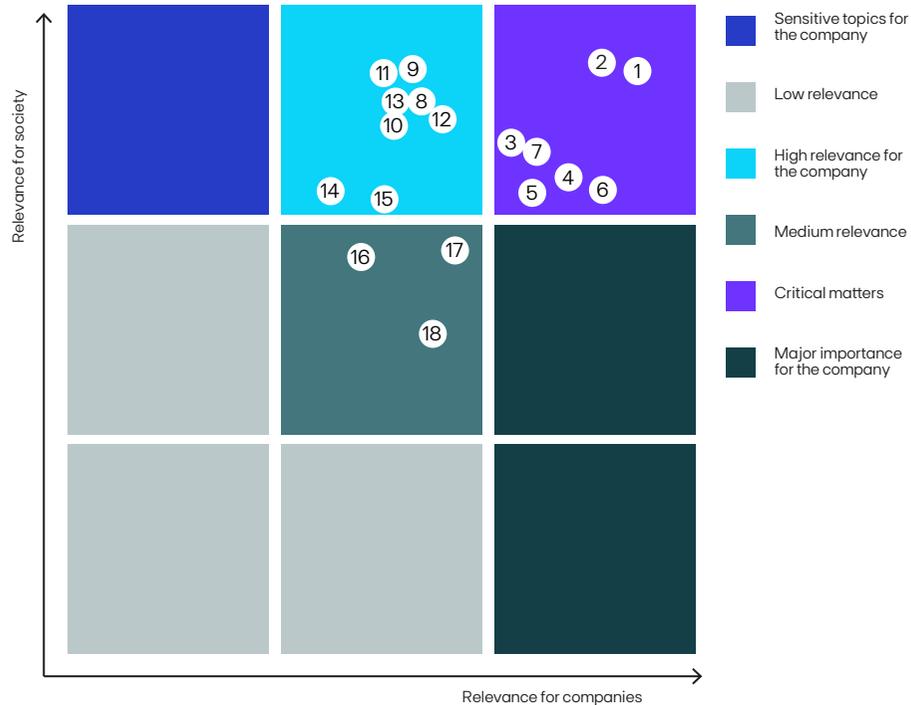
Thus, the process involves cross-checking the relevance of the different ESG topics (environmental, social, and governance) for stakeholders against their relevance for the organisation. The position of each stakeholder is analysed through reports, communications, facts, and insights gathered from direct and indirect sources, and the relevance for the company takes into account the level of maturity and the management approach existing in the organisation. This way, the materiality matrix identifies and prioritises the topics with the highest potential to influence or be influenced by stakeholders in the short, medium, or long term, while it also identifies risks and opportunities for the company. The goals of the materiality analysis are four:

Sustainability strategy	It supports the sustainability strategy of the Group and the different Business Units as concerns identification of priority lines of action and definition of goals and targets.
Reporting	It identifies the minimum contents that need to be included in the sustainability reports and the non-financial statements, pursuant to the international reporting standards GRI, AA1000, and Directive 2014/95/EU <sup>2</sup> .
Sustainability indices	The materiality analysis meets the expectations of qualified investors, specifying the selection process of the relevant topics for the company.
Stakeholder management	It supports the stakeholder management because it allows to direct the sounding processes thereof, as regards the identification of needs and expectations and the definition of specific action plans.



<sup>2</sup> Global Reporting Initiative (GRI), AA1000 Stakeholder Engagement Standard and Directive 2014/95/EU regarding disclosure of non-financial, transposed into the Spanish legal system through Royal Decree-Law 18/2017, of 24 November, amending the Commercial Code, the consolidated text of the Limited Companies Law and Law 22/2015, of 20 July on Auditing, as regards non-financial information and diversity.

The currently valid results of the materiality study for the EDP group are shown in the following matrix, grouped into management categories.



- 1 Climate change
- 10 Community development
- 2 Promotion of renewable energies
- 11 Communication and transparency
- 3 Digital transformation and innovation
- 12 Human rights
- 4 Economic sustainability of the Business
- 13 Vulnerable customers
- 5 Decarbonisation solutions
- 14 Corporate governance
- 6 Health and safety
- 15 Ethics and Compliance
- 7 Customer satisfaction and care
- 16 People management
- 8 Crisis management
- 17 Supplier management
- 9 Environmental protection
- 18 Sustainable finances

The categories that have experienced the greatest changes in their relevance with respect to the previous year have been:

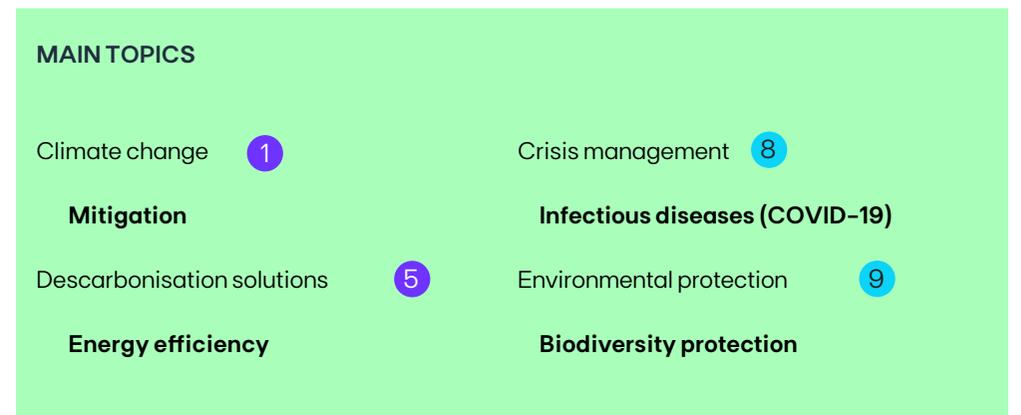
**7 – Customer satisfaction and care:** sustainable consumption stands out in the customer category, both for society and for the company. It is a topic of special relevance, especially considering the energy price rise on a European level, already occurring since 2021, and with special impact on 2022, aggravated by the energy crisis derived from the Ukrainian war and the market restrictions.

**3 – Digital transformation:** it is a catalysing topic of energy transition and a strategic priority for the EDP Group.

**6 – Health and safety:** in this category, the growing relevance of mental health aspects for society especially stands out.

**10 – Community development:** although it is not identified as a critical topic for the business, stakeholders increasingly demand greater engagement in the development of communities, which could mainly involve some type of reputational risk.

**17 – Supplier management:** this topic has become increasingly relevant for the company, given the growing importance of the need to manage greenhouse gas emissions in the value chain (decarbonisation).



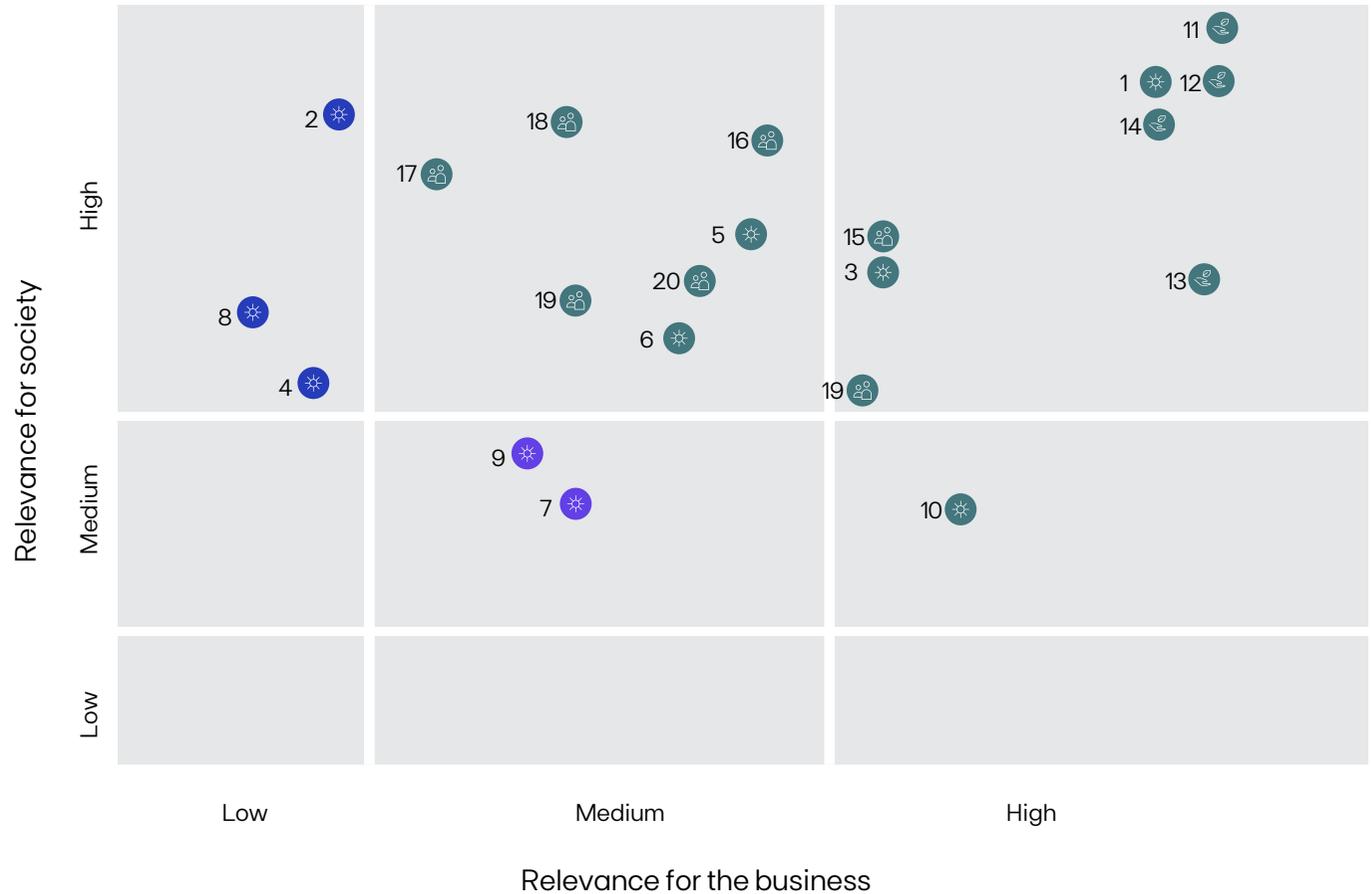
The materiality results and the prioritisation for each stakeholder are:

	Promotion of renewable energies	Climate alterations	Environmental protection	Communication and transparency	Crisis management	Vulnerable customers	Human rights	Community development	Digital transformation and innovation	Customer satisfaction and care	Economic sustainability of the Business	Health and safety	Decarbonisation solutions	Corporate governance	Ethics and Compliance	Supplier management	People management	Sustainable finances	
<b>Market</b>																			
Shareholders and investors	High	High	Medium	High	High	Medium	High	Medium	Medium	Medium	High	High	Medium	High	Medium	Medium	Medium	Medium	High
Financial institutions	High	Medium	Medium	High	High	Medium	Medium	Medium	High	High	High	Medium	Medium	Medium	High	Medium	Medium	Medium	High
Competitors	High	High	High	Medium	Medium	Medium	Medium	High	Medium	High	Medium	Medium	High	Medium	Medium	High	Medium	Medium	Medium
<b>Democracy</b>																			
Government, public bodies, and regulation	High	High	High	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Political parties	High	High	High	Medium	Medium	Medium	Medium	Medium	Medium	High	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
International institutions	High	High	High	Medium	High	Medium	High	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium
<b>Social and territorial environment</b>																			
ONG	High	High	High	Medium	Medium	High	High	High	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Local communities	Medium	Medium	Medium	High	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Town Councils	High	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium
Media and opinion leaders	High	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium
<b>Value chain</b>																			
Business partners	High	High	Medium	Medium	Medium	Medium	Medium	High	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium
Customers	High	High	Medium	Medium	High	High	Medium	High	High	High	Medium	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium
Suppliers	Medium	Medium	Medium	High	High	Medium	High	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium
Employees	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	High	Medium	High	Medium	Medium

Degree of relevance: High (Green), Medium (Blue), Low (Light Blue)

The specific results for EDP España, based on the materiality study of the Group, are the following:

- 1. Sustainable mobility
- 2. Vulnerable customers
- 3. Digital transformation
- 4. Business ethics
- 5. R&D
- 6. Energy infrastructures
- 7. Economic sustainability of the business
- 8. Corporate governance
- 9. Socially responsible investment
- 10. Supplier management
- 11. Energy efficiency
- 12. Climate alterations
- 13. Promotion of renewable energy
- 14. Environmental management
- 15. Engagement in local communities
- 16. Crisis management
- 17. Communication and transparency
- 18. Human rights
- 19. Safety
- 20. Customer satisfaction and care



TOP 5 TOPICS

1. Promotion of renewable energies
2. Climate alterations: Mitigation
3. Environmental protection
4. Communication and transparency
5. Crisis management: Covid-19

**CRITICAL RELEVANCE** (Very relevant for society and the business)

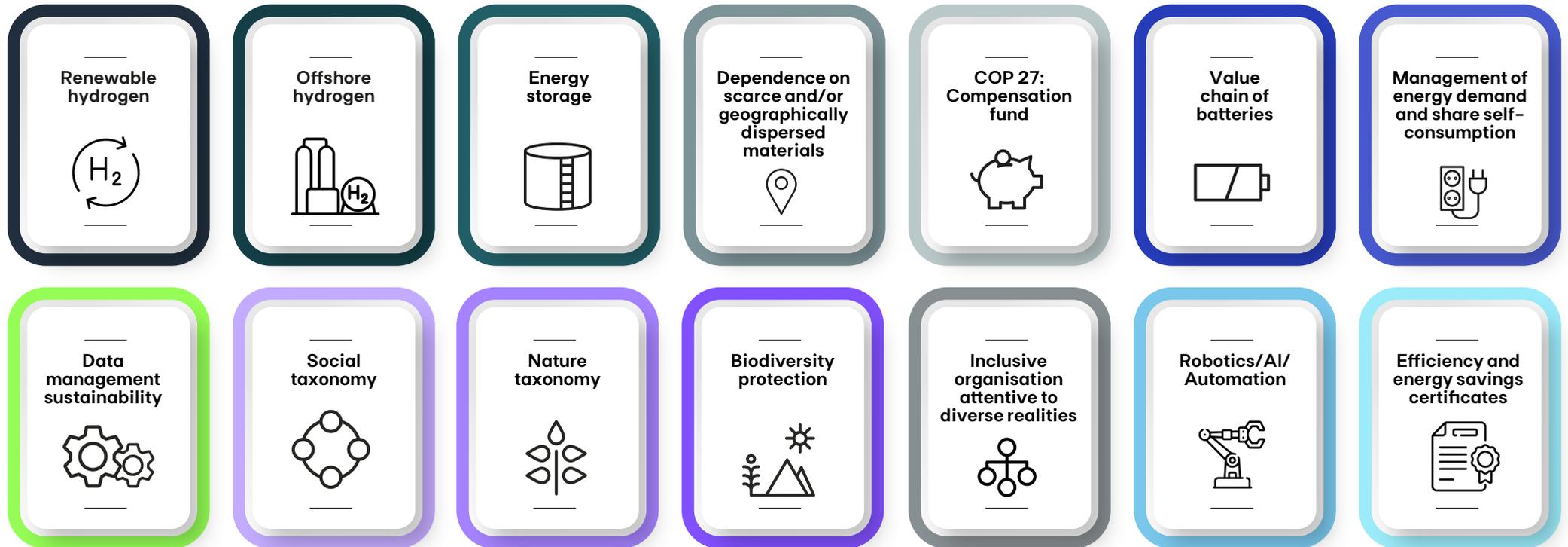
**SENSITIVE TOPICS FOR THE BUSINESS** (Very relevant for society and not much relevant for the business)

**HIGH RELEVANCE** (Medium-high relevance for the business and medium-low relevance for society)

**MEDIUM RELEVANCE** (Medium relevance for the society or medium relevance for the business)

**LOW RELEVANCE** (Low relevance for the society and for the business)

Lastly, as regards Spain, the following emerging topics stand out:



# Risk management

## Risk governance model

The EDP Group follows a risk governance model recognised in specialised literature<sup>1</sup>, based on the concept of three internal lines of defence in the organisation, which may be supplemented, in specific circumstances, by a fourth external line of defence, in the shape of an external audit, regulation, or supervision.

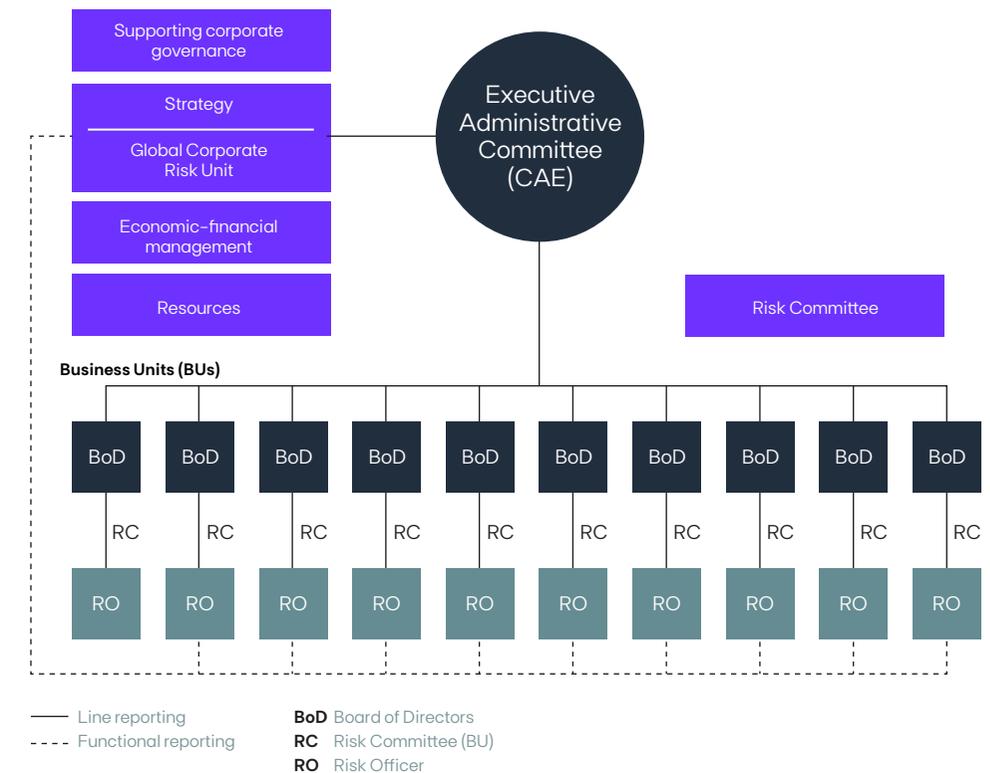
For each line of defence, responsible organs are defined, and forums for discussion and decision are formally established to materialise each line of defence on a corporate and Business Unit level, avoiding duplicated efforts and/or the existence of gaps, and promoting cooperation and collaboration among the different areas.

### RISK GOVERNANCE MODEL CONSISTING IN THE THREE LINES OF DEFENCE

	1 <sup>st</sup> line: Business (risk responsibility)	2 <sup>nd</sup> line: Risk (supporting risk analysis and monitoring)	3 <sup>rd</sup> line: Audit (independent control)
<b>Mission</b>	Daily management of the business, including proactive risk management in line with the established risk policies	Support in the risk identification, analysis, evaluation, and monitoring (to support the business)	Execution and coordination of audits, seeking to improve risk management, control, and corporate governance processes.
<b>Rationale</b>	Those benefiting most from the risks, must be responsible for assuming it	Given the (natural) predisposition of companies to assume risks, it is beneficial to have an independent function specialised in risks	It is beneficial to have an independent entity responsible for the verification and assessment of the risk management and control processes
<b>Involved areas (non-exhaustive)</b>	<ul style="list-style-type: none"> <li>Employees, suppliers, and other internal and external entities</li> <li>Risk owners</li> <li>Operating committees</li> </ul>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Global Corporate Risk Unit</li> <li>Local risk management structures (risk officers and platform coordinators)</li> <li>Global Corporate Compliance and Internal Control Unit</li> <li>Risk Committee</li> </ul>	<ul style="list-style-type: none"> <li>Global Corporate Internal Audit Unit</li> </ul>
	CAE		
	General Supervisory Council via CMF/CAUD		

Risk management is represented by the Corporate Risk Unit, as well as by the local risk units of the Business Units (headed by their respective risk officers), which operationally depend on the Global Corporate Risk Unit, guaranteeing smooth articulation and communication as regards key risk sources and mitigation actions. Furthermore, Risk Committees are held on a corporate and local level in the Business Units, which assemble the Top Management and the relevant experts for the analysis, study, and advice about the main risk exposures for the Group, its respective limits, and other mitigation actions. The Corporate Governance Report contains a more detailed description of the organs taking part in the risk governance model of the EDP Group, as well as the assigned responsibilities.

### CORPORATE FUNCTIONS



<sup>1</sup>Instituto de Auditores Internos em IIA, Position Paper, The three lines of defence in effective risk management and control, January 2013

## Key risks

The EDP Group seeks to have a comprehensive vision of the main risks to which it is exposed, both on a strategic and on a business, financial, and operational level, establishing processes to guarantee their monitoring and proactive management. Year 2022 was marked by the geopolitical crisis caused by the Ukrainian conflict, which translated into an energy crisis (partly aggravated by a drought period in the Iberian Peninsula). Financial markets also showed certain concern over the steep inflation rise and the increase in interest rates.

Risk management reaffirmed its importance, playing a key role in this disruptive context. The Corporate Governance Report contains a more detailed description of the different risks.

	Exposition of topics (non-exhaustive)		Recent or expected development in the short term	Mitigation measures (non-exhaustive)
<div style="writing-mode: vertical-rl; transform: rotate(180deg);">Strategy and SDGs</div>	Strategy <ul style="list-style-type: none"> <li>- Geopolitical instability</li> <li>- Social and economic crises</li> <li>- Technology disruption</li> <li>- Changes in the competitive paradigm</li> </ul>	+	<ul style="list-style-type: none"> <li>• Geopolitical instability due to the stagnation of the Ukrainian conflict, with the following collateral effects (1) on a macroeconomic level (rising inflation and uncertainty about its persistence, and political, social, physical, and monetary response), and (2) instability in the supply chains (particularly, in the energy sector and in Europe, increased exposure to supply chain risks; current transition to the regulated market; and change in the EDP Group customer paradigm).</li> <li>• Widespread loss of purchasing power, with relevant impacts on the population and on companies, increasing the pressure on the social and economic crisis.</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of a multidisciplinary crisis management team to monitor the development of the energy and geopolitical crisis.</li> <li>• In-depth analysis of the suppliers' exposure in the supply chain of the EDP Group.</li> <li>• In-depth analysis of the exposure and assessment of the impact of the inflation rise on the EDP Group.</li> </ul>
	ESG <ul style="list-style-type: none"> <li>- Climate change, biodiversity, and circular economy</li> <li>- People, communities, and human rights</li> <li>- Corporate conduct and ethics</li> </ul>	=/+	<ul style="list-style-type: none"> <li>• Drought scenario with a sharp drop in hydroelectric production, and additional measures to increase the strategic water reserve by the Government, prioritising competitive use of water.</li> <li>• Strengthening of the EDP Group's commitment to renewable technologies, in line with the political decarbonisation targets of the economies.</li> <li>• First position in the Dow Jones Sustainability Index among integrated utility companies.</li> <li>• Leaders in the GRESB and EcoVadis sustainability indices.</li> </ul>	<ul style="list-style-type: none"> <li>• Rigorous analyses and prospective investments, allowing us to anticipate and adapt our business model to the potential market development trends (for example, electrification).</li> <li>• Monitoring of the ethical risk by the Ethics Ombudsperson Office. Collection, analysis, and assessment by the Ethics Committee of all the complaints about unethical behaviours.</li> <li>• Regular assessment of safety risks and implementation of safety measures (for example, regular training, safety teams).</li> </ul>
	Energy markets <ul style="list-style-type: none"> <li>- Fluctuations in pool, raw materials, and CO<sub>2</sub> prices.</li> <li>- Volatility in the renewable energy production volume (that is, hydroelectric)</li> <li>- Volatility in energy consumption</li> </ul>	+	<ul style="list-style-type: none"> <li>• High volatility and price rise in energy markets, especially in Europe.</li> <li>• High volatility in hydraulic volume in the Iberian Peninsula.</li> <li>• Exposure to natural gas supply chain risks.</li> <li>• Implementation of the Iberian mechanism.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified energy portfolio in line with the climate transition trend of investing in renewable energies.</li> <li>• Preference for long-time energy contracts.</li> <li>• Optimisation of the production margin in the market, carried out by a specific area, with protocols duly framed within the risk policy.</li> <li>• Coverage of the main sources of exposure (for example, fuel prices).</li> </ul>

	Exposition of topics (non-exhaustive)		Recent or expected development in the short term	Mitigation measures (non-exhaustive)
Regulatory	<ul style="list-style-type: none"> <li>- Variation of sectoral fees, taxes and charges.</li> <li>- Changes in the fee systems of regulated activities.</li> <li>- Changes in laws.</li> <li>- Changes in standards (for example, environmental or climate-related).</li> </ul>	=/+	<ul style="list-style-type: none"> <li>• Regulatory impacts materialising with respect to results.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring and thorough preparation of the different regulatory files, including the forecast of potential regulatory risks (for example, climate transition risks).</li> </ul>
Financial markets	<ul style="list-style-type: none"> <li>- Financiero:                             <ul style="list-style-type: none"> <li>- Fluctuaciones de los tipos de interés.</li> </ul> </li> <li>- Mercados:                             <ul style="list-style-type: none"> <li>- Fluctuaciones de los tipos de cambio</li> <li>- Fluctuaciones de la tasa de inflación.</li> <li>- Fluctuaciones del valor de los activos financieros en poder del Grupo.</li> </ul> </li> </ul>	+	<ul style="list-style-type: none"> <li>• The war in Ukraine and the post-pandemic period with an impact involving restrictions in supply chains, which led to a rise in inflation rates across the world (especially affecting energy prices). As a consequence of the higher inflation rate and in an attempt to combat its growth, the main Central Banks rose interest rates, reaching the highest levels in the last ten years.</li> <li>• Depreciation of the EUR compared to the USD and to the BRL, due to the instability related to the war in Ukraine, as well as interest rate differentials in the different currency areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Mitigation of the interest rate risk according to the risk limits established by the Group policies.</li> <li>• Exposure to the exchange rate risk with a tendency to a balanced net position (assets – liabilities), through financing sources in the local currency and/or the use of hedging instruments.</li> <li>• Contracts with inflation indexation components.</li> <li>• Reduced weight of strategic financial assets and allocation of cash mainly to short-term bank deposits.</li> </ul>
Credit	<ul style="list-style-type: none"> <li>- Crédito:                             <ul style="list-style-type: none"> <li>- Incumplimiento de las contrapartes financieras.</li> </ul> </li> <li>- Impago de clientes (B2B).</li> </ul>	+	<ul style="list-style-type: none"> <li>• Aumento de algunos riesgos crediticios debido a la escalada de precios en los mercados energéticos</li> </ul>	<ul style="list-style-type: none"> <li>• Careful selection of reference counterparties and regular monitoring thereof.</li> <li>• Non-speculative financial instruments with low complexity and high liquidity.</li> <li>• Credit insurance and bank guarantees (where appropriate).</li> </ul>
Liquidity/ Solvency	<ul style="list-style-type: none"> <li>- Insuficiencias puntuales de tesorería.</li> <li>- Rebaja de la calificación financiera (y consiguiente aumento de los costes de financiación y limitación del acceso a la financiación).</li> </ul>	+	<ul style="list-style-type: none"> <li>• Increase in liquidity needs in organised futures markets due to price escalation in energy markets, adjusted to the conservative liquidity position of the EDP Group.</li> <li>• Increase in the amount of available funds in connection with the increase of liquidity needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Cash pooling.</li> <li>• Constant control of the liquidity levels on a scenario of stressed risk to guarantee meeting the cash needs (sufficient to cover two years).</li> <li>• Diversification of financing sources, the profile of debt types, and the maturity thereof.</li> </ul>
Social obligations	<ul style="list-style-type: none"> <li>- Social: Capitalización de Fondo definido</li> <li>- Obligaciones:                             <ul style="list-style-type: none"> <li>- Fondo de Pensiones</li> <li>- Costes adicionales de jubilación anticipada. – Gastos médicos</li> </ul> </li> </ul>	+	<ul style="list-style-type: none"> <li>• Comfortable capitalisation position with a lower financing deficit risk due to the decreased value of liabilities with the increase in interest rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring of the Defined-Benefit Pension Fund, the value of its assets, and the responsibilities assumed by the specific committee (including financial and risk units).</li> </ul>

	Exposition of topics (non-exhaustive)	Recent or expected development in the short term	Mitigation measures (non-exhaustive)
Operational	Legal & Compliance - Losses derived from any non-compliance with the tax, labour, administrative, civil or any other type of law in force (penalties, compensation, and settlements).		<ul style="list-style-type: none"> <li>Regular monitoring of the exposure to legal risks.</li> <li>Allocation of sufficient provisions to cover all the losses deemed as likely derived from ongoing legal actions.</li> </ul>
	Assets in operation - Damage to property and third parties. - Breakdowns by defects in the components or the installation. - Unavailability due to external events (for example, atmospheric events). - Operating performance (for example, losses in the distribution grid, service quality indicators).	<ul style="list-style-type: none"> <li>Extreme event maintenance risk, mainly affecting the electricity generation, transmission, and distribution assets.</li> </ul>	<ul style="list-style-type: none"> <li>All-risk insurance policies (mainly property damage and loss of profit, third-party liability, and environmental liability).</li> <li>Anti-fraud programmes (as regards non-technical losses).</li> </ul>
	Execution of processes - Irregularities in the execution of processes (as regards commercial activities, supplier selection and management, invoicing and customer collection, etc.).	=	<ul style="list-style-type: none"> <li>Dissemination of the Internal Control over Financial Reporting.</li> <li>Documentation and formalisation of the existing processes per specific area.</li> </ul>
	Systems - Unavailability of information and communication systems. - Information integrity and security.	<ul style="list-style-type: none"> <li>Level of exposure (for example, large-scale cyber-attacks, data protection directives) partly offset by the continuous strengthening of mitigation measures (cyber range, SOC, cybernetic risk insurance, training and awareness sessions).</li> </ul> =/+	<ul style="list-style-type: none"> <li>Establishment of the criticality level and maximum time of unavailability of main applications.</li> <li>Implementation of redundant recovery systems in case of disaster. Establishment of a Security Operation Centre (SOC) dedicated to the continuous monitoring of the computer infrastructure security of the Group.</li> <li>Private cyber range to simulate and test the employees' reaction in the face of a cyberattack.</li> <li>Online training and awareness actions about information security principles.</li> <li>Continuous improvement of system security.</li> <li>Cybernetic risk insurance.</li> </ul>
	Assets under construction/development - Delayed commissioning of the assets and loss of profits. - CAPEX deviations.	=	<ul style="list-style-type: none"> <li>Increased instability and inflation in the supply chain.</li> </ul>

## Emerging risks

In addition to keeping a close watch on the main risks inherent to the activity of the Group, the main trends (on a global and sector level) that may be translated into threats and opportunities for the Group are also mapped, and the appropriate mitigation strategies are proactively developed. In 2022, the emerging risk assessment was updated, incorporating the assessment made by the executive and non-executive top management of the EDP Group.

The most relevant emerging risks, even due to their impact over the last years, are (1) the regulatory risk and the unbalanced design of the energy market, (2) the instability in global supply chains, (3) the growth of inflationary pressure and the rise in interest rates, (4) the growing threat of cybernetic risks, (5) the increased climate risks (physical and transition risks), as well as the possible discoordination of international commitments to climate transition, and (6) the lack of talent in the labour market.

	Description	Impact	Mitigation measures (non-exhaustive)
Regulatory risk and unbalanced design of the energy market	Structural change from a centralised energy model to a decentralised model and increased need for flexibility, in addition to the economy decarbonising efforts. In this sense, it is required to progressively review the regulatory framework.	<ul style="list-style-type: none"> <li>• Potential sudden change in the remuneration mechanisms, as well as potential retroactive consequences, which may affect the profitability of current companies and discourage new investments.</li> <li>• An unclear market design may lead to market or investment incentive distortions (for example, to tackle the limitations of the supply chain/price peaks).</li> </ul>	<ul style="list-style-type: none"> <li>• Close monitoring of the development of regulations and active participation in national and international forums. Diversification by business line and geographical area.</li> <li>• Creation of contractual resilience to combat the risk of potential structural changes in the market design.</li> </ul>
Instability in supply chains	Global supply chains exposed to extreme events (for example, environmental, geopolitical, social, macroeconomic events) leading to supply disruptions or pressures on prices. The geographical concentration of raw materials increases this risk.	Threats related to: <ul style="list-style-type: none"> <li>• Limitations in the supply chain of fuels and raw materials/equipment, critical for new investments;</li> <li>• Delayed maintenance, construction, etc.;</li> <li>• Potential impact on operations, default expenses, CAPEX deviations in new investments...</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis and assessment of the suppliers' exposure to potential disruptions in the supply chain and monitoring of critical suppliers (taking into account financial and ESG criteria), as well as diversification of suppliers, thus reducing reliance thereon (mainly for critical suppliers).</li> <li>• Where appropriate, assessment of the advantages and disadvantages of extending ongoing contracts against new tenders/advanced purchases to tackle shortages and price rises.</li> </ul>
Rise in inflationary pressure and in interest rates	The increased inflation and the rising pressure of interest rates (exacerbated by the Ukrainian conflict) put pressure on the population's and companies' liquidity, which leads to extraordinary governmental measures (for example, extraordinary taxes and fees).	<ul style="list-style-type: none"> <li>• Increase in the company's financial costs.</li> <li>• Widespread increase in the cost of raw materials and equipment, which affects the profitability of assets in operation and under construction.</li> <li>• Current asset sales strategy affected by changes in investors' interests.</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated inflation control: aligning income with inflation-related costs (directly or through mechanisms).</li> <li>• Maintenance of a mostly fixed debt strategy and increase in debt maturity.</li> <li>• Prudent liquidity management.</li> </ul>
Cyber risks	Exposure to diverse cyber risks derived from the growing technology sophistication and integration.	<ul style="list-style-type: none"> <li>• Financial, operating, and reputational losses, derived from, among others:</li> <li>• Business loss/disruptions (office/plants, invoicing, customer service)</li> <li>• Asset damage/destruction (grids, headquarters, other systems)</li> <li>• Data breach/destruction (personal and others).</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous improvement of internal system security.</li> <li>• Security Operation Centre (SOC) dedicated to the continuous monitoring of the computer infrastructure security of the Group.</li> <li>• Own cyber range to simulate and test the employees' reaction in the face of a cyberattack.</li> <li>• Online training and awareness actions about information security principles.</li> <li>• Cybernetic risk insurance.</li> </ul>

	Description	Impact	Mitigation measures (non-exhaustive)
<p>Increased climate risks and possible discoordination of international commitments to climate transition</p>	<p>Physical risks associated with climate change (for example, chronic risks, such as the temperature increase or the rainfall decrease, and acute risks such as extreme temperature and rainfall events) which affect investment returns and increase costs. In a transition stage, other regulatory risks arise related to technology and market obsolescence.</p>	<ul style="list-style-type: none"> <li>• Structural loss of portfolio returns:                             <ul style="list-style-type: none"> <li>– Damage to physical assets and loss of profit caused by increasingly frequent extreme events.</li> <li>– Increase in global costs (including insurance). Limitation of the economic potential of investments in new technology solutions (for example, green hydrogen).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Structured assessment of climate risks (TCFD), update of scenarios, assessment of climate variables, and key risks and opportunities for each business.</li> <li>• Development of climate adaptation plans per Business Unit according to the main identified risks.</li> <li>• Integration of climate risk assessment into investment analysis.</li> <li>• Close monitoring of national and international commitments regarding decarbonisation, and adjustment of EDP’s strategy accordingly.</li> </ul>
<p>Lack of talent in the labour market</p>	<p>Increased competition over labour resources (qualified and non-qualified), structural changes in labour culture (driven by remote work), and digital transformation.</p>	<ul style="list-style-type: none"> <li>• Lack of talent to meet the human resources needs of the company, which affects the size of teams and productivity (including digital).</li> <li>• Increase in personnel costs and other benefits as a way to attract talent.</li> <li>• Increased difficulty to retain talent in the company.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater presence on social media, participating and developing hiring and networking initiatives, programmes focused on young people, more expedite recruitment, and inclusive methodologies.</li> <li>• Flexibilization of working conditions according to the new reality and labour culture.</li> <li>• Global development of corporate culture as a talent management strategy (internal development and retraining) and development of the in-company market.</li> </ul>

More information about the TCFD climate scorecard framework is available on <https://www.edp.com/en/climate-transition-plan>

## Risk appetite

The EDP Group is exposed to a number of risks due to its size and to the diverse business and geographical areas in which it operates; thus, it recognises risks as an integral and unavoidable part of its activity, both threats and opportunities.

Aware of this fact, the Group has explicitly and implicitly established its risk appetite for all the internal and external stakeholders, both on a corporate and Business Unit level, as well as for all the different risk categories, through a set of mechanisms:

- The regular preparation and approval of the Group's Business Plan by the Executive Board of Directors, which is disclosed to all the stakeholders, and which establishes the key strategic guidelines for the next three to five years.
- The rigorous assessment of the risk related to investment and divestment opportunities proposed by the Business Units and approved by the Executive Board of Directors, including the estimation of the returns adjusted to the risks against the established limits. This assessment is based on the Investment Committee's opinion, which includes specialists in the pertinent areas.
- The development of a wide set of risk management policies, both on a corporate and a Business Unit level, which set out guidelines, assessment methodologies, and exposure limits for the main risks<sup>2</sup>.
- The regular development of risk mapping exercises, based on objective, quantitative, and comparable criteria, allowing to analyse the exposure to key risks, as well as the implementation of preventive actions to tackle the excessive exposure to risks (relating the established risk tolerance).
- The establishment of a wide set of mechanisms for the regular notification of key risks, on a Group and Business Unit level, thus allowing to regularly monitor the development of current and emerging risks and to compare the exposure to different risk profiles within the established limits.
- The adoption of a risk governance model based on three independent lines of defence (business, risk/compliance, and internal audit), which guarantees the implementation of the established strategies and the alignment with the risk appetite.
- The definition of an internal risk tolerance framework, approved by the Executive Board of Directors.

- The regular reporting to the Executive Board of Directors and the General Supervisory Board about the risk indicators and limits in connection with the strategy and performance indicators of the Group.

The risk appetite framework in the EDP Group is structured around four pillars:

- The governance model identifies the key players on the risk appetite process and their responsibilities;
- The risk appetite statement formally defines a set of risk appetite statements complemented by risk indicators and thresholds. As for positioning, the Group establishes its strategy to maintain a controlled risk profile as a cornerstone;
- The monitoring and control, defining the key monitoring, updating, and action plan processes;
- And the technology platform, reflected in the risk appetite management scorecard that allows to monitor risk appetite in the EDP Group. The Group is exposed to a number of risks inherent to its size and the diverse businesses and geographical areas in which it is present, acknowledging the assumption of risks as an integral and unavoidable part of its activity, both as a threat and as an opportunity.

<sup>2</sup> Including, among others, the Corporate Risk Management Policy, the Risk Appetite Framework Policy, the Limit Structure of the Energy Management Business Unit, the Financial Management Policy, the Counterparty Policy, the Insurable Risk Management Policy, the Occupational Health and Safety Management Policy, the Information Security Policy, and the Crisis Management and Business Continuity Procedures, Structure, and Principles.

## Risk appetite statement of the EDP Group

First-level statement	Second-level statement	KPI (Target)
<b>Balanced business</b>  Controlled-risk business, with a strong share of regulated/long-term contracted activities, diversified both in geographical terms and regarding the entire value chain, firmly focused on renewable energy growth.	<b>GEOGRAPHICAL CONCENTRATION</b> Geographical diversification and concentration in geographical areas/markets with a low country risk.	EBITDA concentration (market/country, emerging countries, sovereign rating) Market share per market/country
	<b>BUSINESS AREAS</b> Diversified portfolio throughout the value chain (generation, grids, and retail) with a firm focus on sustainable growth in renewable energies in the medium and short term.	Technology EBITDA Residual life of generation assets CAPEX on a low TRL (Technology Readiness Level)
	<b>REGULATED/CONTRACTED</b> Activity mainly focused on regulated or long-term contracted operations.	Regulated/long-term contracted EBITDA Gross margin@risk Contracted residual life of generation assets
	<b>POSITION IN THE ENERGY MARKET</b> Control of the energy market risk in the short and medium term and limited exposure.	Portfolio Value@Risk Net position per market
	<b>REGULATORY MONITORING</b> Forecasting of potential regulatory/policy changes with a major impact on the current portfolios and on potential new geographical areas.	Regulatory rating Estimated loss per regulatory risk
<b>Financial soundness</b>  A sound business plan with sound finances, aimed at obtaining a sound investment rating and a sustainable dividend policy.	<b>RATING</b> Alignment between the corporate and financial profiles to achieve a sound investment grade.	LT rating, FFO / ND and ND / EBITDA Rating of corporate profile EBITDA concentration (market/country)
	<b>DIVIDENDS</b> Predictability and sustainability of the dividend policy as a key element to the value proposition for shareholders.	Pay-out ratio Pay-out ratio P95%
	<b>LIQUIDITY</b> Maintenance of sufficient liquidity reserves to meet the short- and medium-term needs in moments of stress.	Vesting period Debt repayment Cash
	<b>FINANCIAL MARKET RISK</b> Proactive management of the exposure to financial markets, specifically, to the exchange rate risk and interest rate risk, controlling the impacts on the business activity. As far as possible, investments must be financed in the local currency.	FX: Net investment loss (P95%), EBT@Risk and equity in non-EUR not covered by NIH IR: Floating exchange rate, EBT@Risk and NPV variation of the debt against the term goal
	<b>CREDIT AND COUNTERPARTY</b> Controlled exposure to the credit and counterparty risk, favouring counterparties with the higher rating.	Expected portfolio loss Matured debt in % of sales Exposure (Top10 and counterparties without investment grade)
	<b>IMPLEMENTATION OF THE INVESTMENT PLAN</b> Investing in projects with a risk-adjusted return, a limited market exposure, and a short-term cash plan.	IRR / WACC NPV contracted for generation CAPEX difference with respect to the target
<b>SOCIAL OBLIGATIONS</b> Total coverage of social obligations by capitalisation, through a diversified limited-term asset portfolio, with new defined-contribution pension plans.	Pension capitalisation coverage rate Value of equity position - Value@Risk Unbalanced duration curve	

First-level statement	Second-level statement	KPI (Target)
Leader in innovation, sustainability, and reputation  Leader in innovation, sustainability, and reliability for all the stakeholders.	<b>ENVIRONMENTAL SUSTAINABILITY</b> Benchmarks in energy transition, with results supported by independent international entities.	Reduction of CO <sup>2</sup> emissions Renewable installed capacity
	<b>INNOVATION</b> Keeping up to date with key technology advances to remain competitive and optimise the creation of value.	Digital CAPEX
	<b>REPUTATION AND ETHICS</b> Guaranteeing the best reputation among peers and an exemplary ethical record.	Score in ESG indices (DJSI, MSCI, CDP, Sustainalytics), and RepRisk Ethisphere certification
	<b>CUSTOMER SATISFACTION</b> Guaranteeing exceptional overall customer satisfaction levels.	Customer satisfaction level Number of complaints
	<b>EMPLOYEE SATISFACTION</b> Maximisation of our commitment to employees and a healthy work environment, within a flexible organisation.	Score of employee engagement and motivation
Operating excellence  Prudent operating management, following the best practices and preventing business disruptions.	<b>AVAILABILITY AND INTEGRITY OF PHYSICAL ASSETS</b> Prudent maintenance and security of physical assets, in addition to insurance and contingency and recovery plans, which guarantee limited operating losses, an exceptional service quality, and the availability of assets.	Losses in physical assets after insurance Unavailability of the grid due to extreme events Service quality indicators (Installed Power Equivalent Interruption Time [TIEPI], SAIDI) Loss ratio
	<b>TECHNICAL AND NON-TECHNICAL ENERGY LOSSES</b> Control of the technical and non-technical energy losses in the electricity distribution grid, by means of adequate technology, maintenance, operation, and fraud prevention processes.	Losses (total, technical, and non-technical)
	<b>PROCESSES</b> Pursuit of increasingly efficient and adequately controlled processes and, in case of critical interrelated processes, guarantee of business continuity and recovery in abnormal or critical situations, and minimisation of procedural errors.	KPI Global Digitisation Critical processes with business continuity strategies per BU
	<b>VALUE CHAIN</b> Strengthening of the efficacy, sustainability, resilience, and continuity of the supply chain, providing an excellence service to customers and partners in a safe way, while guaranteeing suppliers' mandatory compliance.	Critical supplier purchasing volume (including ESG and performance assessment)
	<b>LEGAL/ COMPLIANCE</b> Zero tolerance to illegal behaviours or intentional breaches of rules and/or regulations, integrity rules, and contractual obligations.	Contingent liabilities and provisions Implementation of the recommendations resulted from the internal audit In-house training in compliance Counterparty integrity risk
<b>FRAUD</b> Zero tolerance to fraudulent behaviours by any employee of the company, as well as suppliers and other related third parties.	No. of complaints and non-compliances associated with fraud risk	
<b>HEALTH AND SAFETY</b> Zero tolerance to health and safety incidents regarding employees, external contractors, or other third parties. Development of preventive policies and measures and implementation of awareness actions, supported by the specific area.	Frequency and severity index of occupational accidents (including fatal ones) involving employees, external suppliers, and third parties Incidence of COVID-19 cases and % of employees vaccinated against COVID-19	

## First-level statement

## Second-level statement

## KPI (Target)

SECURITY, CONFIDENTIALITY, INTEGRITY, AND AVAILABILITY OF THE SYSTEM  
Prudent management, maintenance with defined targets, security and availability of IT and OT systems and related services, guaranteeing the recovery capacity in abnormal or disruption situations.

Recovery time  
Unavailability of systems and services  
# Data security events/incidents  
BIT Sight Security rating  
Losses after insurance following a cyber-attack  
Data confidentiality breaches

## Risk management in 2022

Risk management in the EDP Group seeks to act in an integrated manner through five essential pillars:

	Recurring activities	2022 developments	2023 priorities
Deep knowledge of the main sources of risk exposure	<p>Identification of the main risks (and representation in a structured taxonomy).</p> <p>Quantitative analysis of the exposures (based on the average and maximum loss).</p> <p>Presence in national and international forums about risk management.</p>	<p>Preparation of the risk map with the main risks for 2023 and the Business Plan period.</p> <p>Identification of the main emerging risks for the EDP Group over the next ten years.</p> <p>Development of the climate risk assessment.</p> <p>In-depth analysis of the supply chain risk management and exposure, exposure to inflation risk, and electric mobility.</p> <p>Creation of ESG risk taxonomy and update of the Group risk taxonomy.</p>	<p>Update of the risk road map for 2023 throughout the year; preparation of the road map for the main risks for 2024.</p> <p>Update of the annual climate risk assessment exercise.</p> <p>Deepening of the knowledge of the main IT/OT risks.</p> <p>Furthering of the integration of ESG risks into the risk management framework of the EDP Group.</p>
Definition of the risk strategy	<p>Support in the explanation and reflection on the risk-return relation (and risk appetite) in the main management decisions.</p> <p>Regular update of the risk appetite statement, formalised and disclosed in the Annual Report.</p>	<p>Strengthening of the integrated counterparty risk management, in particular by reviewing the assessment methodologies, the exposure limits, and the mitigation instruments.</p> <p>Assessment of the maturity of the corporate risk management structure, and definition and implementation of a road map for the maturity progress.</p>	<p>Alignment of the EDP Group's Risk Appetite Statement with the news business plan.</p> <p>Implementation of counterparty risk concepts and practices aligned among the Group companies, and centralisation of risk metrics.</p> <p>Implementation of the road map for corporate risk management.</p>
Active role of the risk in key decisions and management processes	<p>Advice about risks/support of the Business and Budget Plan exercises.</p> <p>Support in investment decisions (including the participation in the Investment Committee).</p> <p>Support in the definition of coverage strategies for key exposures.</p> <p>Analysis and advice about the topics with a potential impact on the risk profile of the Group.</p> <p>Monitoring and control of key exposures (through regular reports on a Group level and for the most relevant Business Units).</p> <p>Regular Risk Committees (to discuss the key sources of risk exposure and treatment measures).</p>	<p>Analysis of the EDP Group risk profile as regards the different asset portfolios.</p> <p>Analysis of the vertical integration of the generation and retail businesses for risk mitigation purposes.</p> <p>Active participation, providing advice for the assessment of the EDP Group investments.</p>	<p>Strategic reflection about risks for the EDP Group business plan.</p>



# EDP España Sustainability Plan

EDP has assumed a leading role in the energy transition, with ambitious commitments that include dropping coal production by 2025, being 100% renewable by 2030, and being Net Zero by 2040, advancing the targets set in the Paris Agreement.

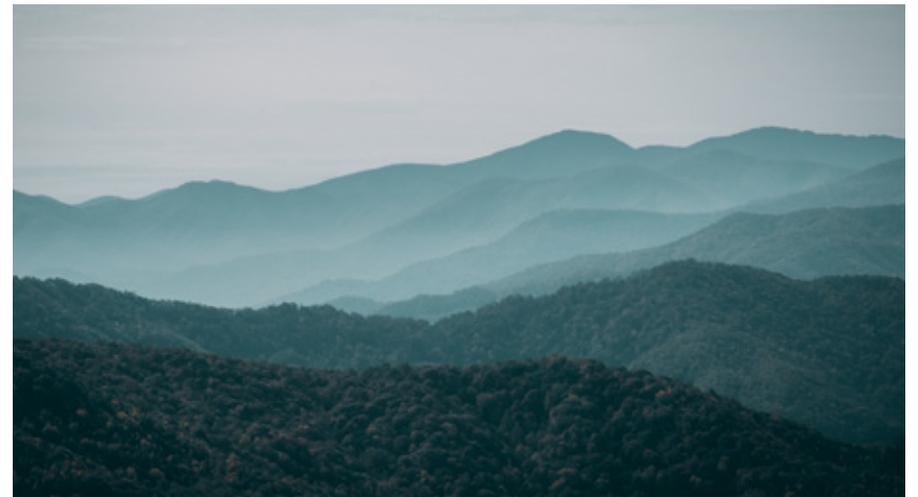
With the slogan “*Our way to a better tomorrow*”, the ESG Master Plan was approved on 26 April 2022. In line with the company’s purpose ‘Our energy and heart drive a better Tomorrow’, the Sustainability purpose has also been established

“We will lead the energy transition to have a positive impact on climate through **decarbonisation**, and we will do this **empowering our communities**, protecting our planet and acting jointly with **our partners** for an effective transformation, driven by a solid ESG culture.”

Basada, por tanto, en estos 5 pilares se establece la ambición en Sostenibilidad:

- We are **Decarbonising**: we pursue the Net Zero commitment by 2040, for which, in addition to decarbonising our own activities, we will actively influence on the decarbonisation of our supply chain, we will provide our customers with low-carbon solutions, and we will explore the absorption and offsetting role for residual emissions.
- In order to do this, we want **Our communities** to have an active role in the energy transition: we seek to generate a positive and long-lasting impact on the communities we serve, with the creation of employment, taking into account the creation of direct, indirect, and induced employment during the energy transition. We will prioritise local employment, retraining, and innovation to support the transition to a low-carbon economy.

- Protecting **Our planet**: we will promote the regeneration of ecosystems, seizing synergies of land use and nature-based solutions to better address the protection of biodiversity. We intend to measure and assess the efforts to contribute to a positive environment by 2025.
- Acting jointly with **Our partners** for an effective transformation: we will build a common path with our business partners, collectively working to improve ESG performance. We will help our suppliers to adjust the ESG goals and targets to their respective situations, according to their relevance and maturity. We will strengthen the execution of agreements to reduce ESG risk in the supply chain.
- And all this will be driven by an **ESG culture** focused on the creation of long-term value: we will integrate the sustainability values and practices into everything we do and promote. Our first step is to aspire to zero accidents in any of our activities, integrating this culture and boosting the continuous improvement of the processes related to accident prevention as regards all the employees, contractors, and suppliers of services.



In this plan, 12 reference initiatives have been established, developing the 5 pillars of the strategy:

**WHAT DO WE WANT**

**DECARBONISATION**

**Net Zero acceleration operating group:** creation of an internal task force to promote EDP commitment to go from ambition to action, in order to achieve the 'Net Zero Emissions' goal of the Sustainability Plan.

**Climate Transition Plan:** establishing governance, assessing and quantifying risks, and transparently reporting on climate performance (TCFD).

**Decarbonisation of the supply chain:** accelerating the suppliers' commitment to improve CO<sub>2</sub> reporting and keep reporting on the monitoring of scope 3 and emission reduction, with the goal of obtaining the SBTi recognition.

**HOW DO WE DO IT**

**OUR COMMUNITIES**

**Energy poverty:** supporting vulnerable electricity consumers to improve energy efficiency.

**Community development:** promoting the engagement of stakeholders on an individual project level, getting ahead of risks, managing conflicts, and guaranteeing a just transition.

**OUR PLANET**

**Space4Nature:** accelerating the use of nature-based solutions to tackle business challenges, simultaneously supporting biodiversity.

**Close the loop:** promoting circular economy to optimise the use of resources and boost circular business models

**OUR PARTNERS**

**Commitment to our partners:** promoting the commitment of the supply chain to EDP's strategic sustainability goals, having a positive impact on the community.

**AND DRIVEN BY**

**ESG CULTURE**

**SG risks:** definition of an ESG risk taxonomy and integration into the risk policy, the risk management process, and the investment analysis.

**Playitsafe:** health and safety programme to foster continuous improvement in processes related to accident prevention.

**ESG Data:** accelerating the collection and consolidation of ESG data, assessing possible automations, and releasing resources for value-added tasks.

**Assessment of impact:** integrated value analysis based on the actual impact, assessing the financial value and the value of stakeholders to ground the decision-making.

Commitments	Strategic lines	Activities	2025	2030
Accelerated and sustainable growth	Step-up Green growth	• CAPEX in energy transition <sup>1</sup> (billion €)	24	
		• Increased capacity <sup>1</sup> (GW)	20	
	Distinctive and resilient portfolio	• Asset rotation (billion €)	8	
		• EBITDA (€Bn)	4.7	
	Solid balance sheet	• FFO/Net debt <sup>2</sup> (%)	>20	
		• Renewable generation (%)	≈ 85	
		• Renewable hydrogen capacity (GW)	-	
		• Fleet electrification (%)	>40	
• Electric vehicle charging points (#)	>40,000			
Future-proof organization	Global, agile, and efficient	• Saving and efficiency programmes	≈230	
		• TOTEX in digitisation and innovation <sup>3</sup> (€Bn)	2	
	Talented and empowered people	• Commitment to employees (top tier company)	✓	
		• Women (%)	30	
	Innovative and digitally driven	• Frequency rate (accidents) <sup>4</sup>	1.55	
		• Women in leading positions (%)	30	
		• Senior management remuneration linked to equity and ESG <sup>5</sup>	✓	
		• Cybersecurity (rating) <sup>6</sup>	Advanced <sup>7</sup>	
•				
ESG excellence and attractive returns	ESG reference	• Coal free	✓	
		• Net profit (€ Bn)	1.2	
	Green leadership positioning	• Minimum dividend (€/share)	0.19	
		• Income aligned with the European taxonomy (%)	"70	
	Strong return visibility	• 1- and 2-scope emissions (gCO <sub>2</sub> e/kWh)	"100	
		• Total waste (k tons)	118	
		• Social investment aligned with social SDGs (EUR Mn) <sup>7</sup>	50	
		• Top quartile in ESG assessment indices <sup>8</sup>	✓	

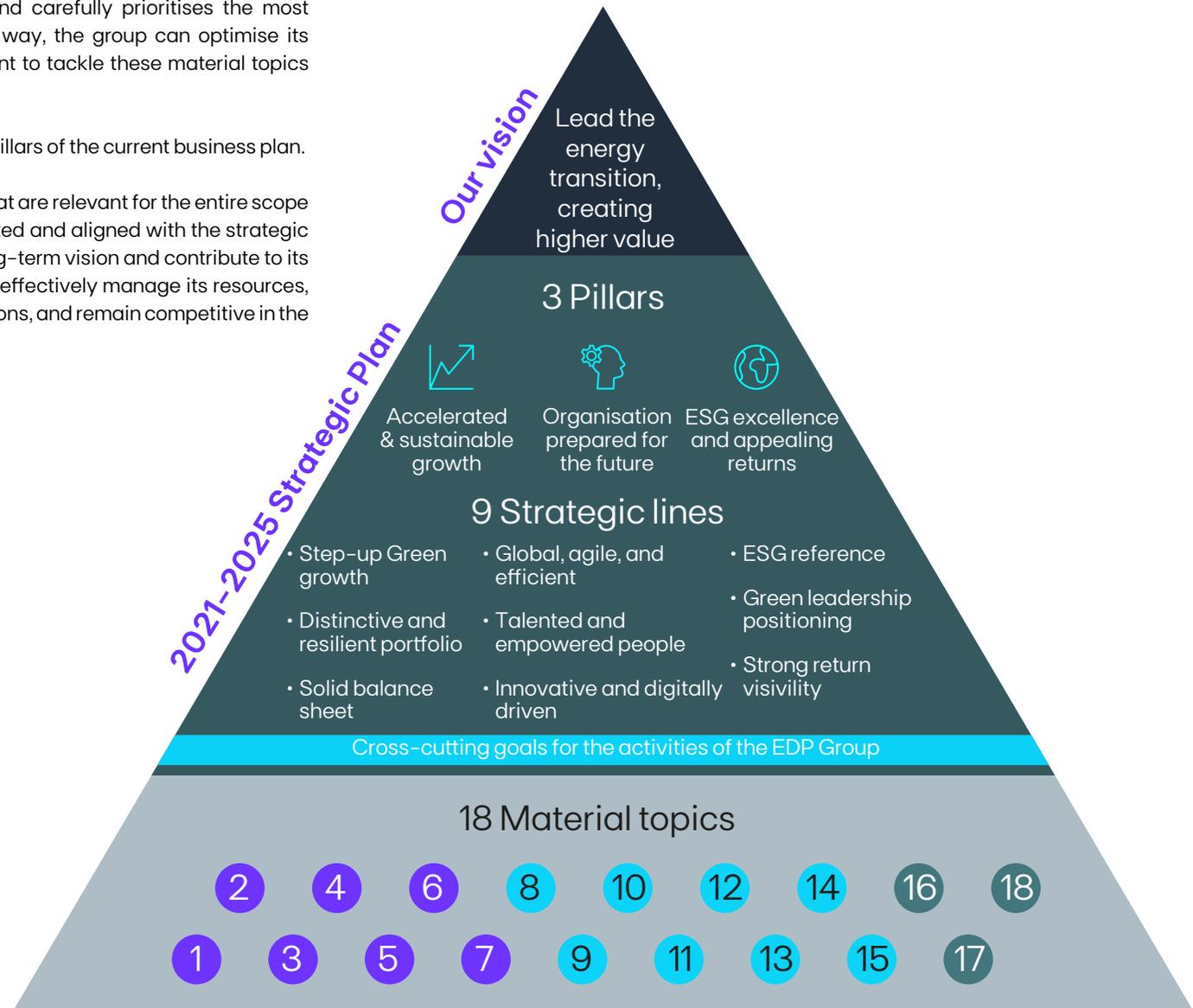
(1) 2021-2025. (2) FFO/ND formula consistent with the methodologies of the rating agencies, taking into account the recurrent EBITDA definition of EDP. (3) 1,000 million euros of TOTEX in Innovation, 1,000 million euros of CAPEX in Digital. (4) Number of accidents per million worked hours (including employees and contractors). (5) Applicable to the Board of Directors and the top management; the changes in the Board of Directors depend on the General Meeting of Shareholders. (6) 'BitSight' cybersecurity index, obtained rating higher than or equal to 740. (7) Accumulated values since 2021. (8) Including DJSI, FTSE4Good, MSCI, and Sustainabilitytics.

## Strategic alignment

Through the materiality process, the group identifies and carefully prioritises the most relevant topics for both society and the company. This way, the group can optimise its strategic management and direct its internal management to tackle these material topics and integrate them into the global strategy of the group

These material topics are reflected on the three strategic pillars of the current business plan.

Based on these strategic pillars, the group defines goals that are relevant for the entire scope of the group operations and ensures that they are integrated and aligned with the strategic lines. These goals seek to help the group to achieve its long-term vision and contribute to its continued success. Following this process, the group can effectively manage its resources, respond to the development of the stakeholders' expectations, and remain competitive in the market.



# EDP, world's most sustainable utility

In a record-breaking year in terms of company participation, EDP has stood out among 180 global companies as the most sustainable vertically integrated utility in the S&P Dow Jones Sustainability Index.



EDP's good sustainability practices have earned it again the recognition of the S&P Dow Jones Sustainability Index (DJSI), in which it maintains **its first position in the vertically integrated electric utilities, among the 180 assessed companies** from different countries. With a final score of **90 points (out of 100)**, which is the second best since it entered this world benchmark index, EDP is way above the average in its sector, which is 50 points.

Governance and Economy are among the sustainability (ESG) dimensions that have contributed the most to this performance, in which the company has obtained the maximum score in four out of nine criteria. Innovation management stands out, to which the innovative and relevant projects for energy transition, such as the floating solar farm in Alqueva, have made a decisive contribution.

Also in the Environmental dimension, the Transmission and Distribution segment experienced the highest growth in score with respect to the previous year (23 more points) and, in the Social dimension, Occupational Health and safety also stands out, having experienced one of the best positive variations this year (10 more points), as well as Management of Customer Relations (11 more points).

Out of the total 27 assessed criteria, there are eight in which EDP reached the maximum score of 100 points: materiality, influence on public policies, innovation management, environmental information, corporate information, citizenship/philanthropy, water-related risks, and market opportunities.

## Excellence for 15 consecutive years

Since it entered the DJSI World and the DJSI Europe indices in 2008, EDP has already made significant progress since its first 75-point rating and, over the last 15 years, it has ranked first or second in its segment on 13 occasions.

This recognition reflects the soundness of the EDP strategy, focused on decarbonisation, development of renewable energies, and promotion of an exemplary culture of sustainability and positive social impact. As leader of the energy transition, EDP remains aligned with sustainable development and climate change fight, essential practices to guarantee the protection of the environment and the creation of value.

This year, in which records of participation and inclusion of sustainability indices were broken again, 3,519 companies in the S&P Global Broad Market Index (out of a total of 3,562 companies invited to participate in the assessment) were analysed, divided into 24 activity sectors.

A total of 332 companies were selected to be part of the DJSI World index and EDP is among the eight recognised electric utilities. On a European level, the DJSI Europe selected 153 companies, which include five electric utilities, one of them being EDP (which has been also part of this index for 13 years).

The Dow Jones Sustainability Index is a world benchmark in the sustainability field; it was created in 1999 as the first reference non-financial performance index for listed companies around the world.

In addition to the economic and financial indicators, this index assesses criteria such as transparency, corporate governance, risk management, relationships with the different stakeholders, and social and environmental responsibility, among other ESG aspects.

The latest versions of other indices in which we are present can be consulted by clicking on the corporate website:

[ESGRatings](#)

# Contribution to the SDGs

We have committed to address the United Nations Sustainable Development Goals (SDGs), establishing specific targets for 9 out of the 17 SDGs. Through our main business, we have a direct impact on SDGs 7 (Affordable and clean energy), 9 (Industry, innovation, and infrastructures), 11 (Sustainable cities and communities), and 13 (Climate action). In particular, the 24,000-million-euro investment plan in the 2021-2025 period stresses our commitment to these goals.

We also ensure that our strategy helps our stakeholders to reach a balance in the three sustainability areas, thus contributing to other SDGs, such as SDG 5 (Gender equality), SDG

8 (Decent work and economic growth), SDG 12 (Responsible consumption and production), SDG 15 (Life on land), and SDG 17 (Partnerships for the goals).

In June 2021, EDP joined the CFO Task Force of the UN Global Compact for the SDGs, thus proving our commitment to the implementation of the SDGs and publicly disclosing our advances in their achievement. Since then, we have carried out several activities that prove this alignment, among which we can highlight, in 2022:

## Materiality

- 1 Climate change

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- 2 Promotion of renewable energy

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- 3 Innovation and digital transformation

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- 5 Decarbonisation solutions

## Strategic plan

€24B investment

**€19.2B in renewables (for installation of ~20GW of additional capacity)**

**€3.6B in grids, for an improved digitisation and grid resilience** and to efficiently **support** our journey to lead the energy transition

**€1.2B in customer solutions and energy management to support** the decarbonisation of consumption and promote low-carbon and energy-efficient products and services

## Sustainable Development Goals



## Indirect contributions



# Our energy



# Performance



Markets and current regulation	55
Accelerated and Sustainable growth	59
Future-proof organisation	71
ESG excellence and attractive returns	105

# Regulatory measures in Europe



8



**26 July 2022**

Agreement of Energy Ministers on a Regulation on coordinated measures for the reduction of gas demand.

9



**14 September 2022**

Commission proposal for a new Regulation on an emergency intervention to address high energy prices and to reduce EU citizens' energy bills.

10

**30 September 2022**

Agreement of Energy Ministers on the Regulation regarding an emergency intervention to address high energy prices

13

**3 December 2022**

Russian fuels:  
The EU agrees to set a price cap.

12

**20 and 21 October 2022**

EU leaders reach an energy agreement.

11

**18 October 2022**

Ancillary Commission proposals for tackling high energy prices and guaranteeing security of supply.

14

**14 December 2022**

A provisional agreement is reached on the REPowerEU plan.

15

**19 December 2022**

The Council reaches an agreement on the mechanism to limit excessive gas prices.

# Regulatory measures in Spain

1

## Royal Decree-Law 6 March 2022

- New mechanism to fund the subsidised rate.
- Extension of gas reduction, removing coverages.
- Aid for large electricity and gas consumers (-80% charges).
- Extension of tax measures.

2

## Royal Decree-Law 10 May 2022

- Iberian adjustment mechanism ("gas cap").
- Obligation to review the voluntary price for small consumers before 01/10/2022.

3

## Royal Decree-Law 11 June 2022

- Extension of gas reduction until 31/12/2022.
- Extension of tax measures until 31/12/2022.
- Reduction of electricity VAT to 5% until 31/12/2022.
- Extension of subsidised rates and gas last-resort fee limit until 31/12/2022.

4

## Tax. July 2022

Energy tax bill (1.2% turnover).

7

## U Regulation

- Demand reduction.
- Market income cap for certain producers.
- Solidary contribution (not applicable to electricity).



6

## Royal Decree-Law 17 September 2022

- Promoting the administrative processing, the implementation, and the transmission of renewable energy production.
- Reduction of gas VAT.
- Adjustments to the co-generation system.

5

## Royal Decree-Law 4 August 2022

Emergency energy saving plan. Measures to promote self-consumption (maximum period for contract activation of 2 months).



8

+SE Plan. October 2022



9

Royal Decree-Law 18 October 2022

- Extension of gas reduction until 31/12/2023
- Measures to promote self-consumption: distance up to 1 km and process simplification up to 500 kW.
- Subsidised rate for new groups and increased % of discounts.
- New gas last-resort fee for homeowners' associations.

10

Royal Decree-Law 20 December 2022

- Extension of the reduced VAT and the Special Tax on Electricity.
- The suspension of the Tax on Electricity Production Value and of the tariff reduction for large electricity consumers is maintained.
- The distance is increased up to 2,000 m for self-consumption.

11

Law 38/2022 on the establishment of temporary energy taxes

- Financial support measures for end energy users, especially vulnerable customers.
- Contribution to final energy consumption reduction.
- Development of energy autonomy.

# Accelerated and sustainable growth

The fight against climate change and, in particular, the compliance with the climate goals of the Paris Agreement, strengthened in the Glasgow Climate Pact, have led to a five-time higher acceleration of the decarbonisation pace of the global economy.

The electricity sector is key to this acceleration, due both to the need for its own decarbonisation and to the promotion of the electrification of the economy, in particular, the industrial, transport, and housing sectors.

EDP not only contributes to the global economy decarbonisation strategy, but we also aim to lead it on both fronts:

- **Decarbonisation of generation**, by increasing renewable energies and progressively closing thermal power plants.

- **Electrification of consumption**, offering new low-carbon product and service solutions, which include:

- Distributed generation: installation of self-consumption solutions adapted to our customers.
- Sustainable mobility: support, advice, and availability of electric vehicle charging solutions.
- Energy efficiency: more efficient equipment and lighting, such as LED lamps, high-efficiency engines, electronic speed variators, and heat pumps, as well as energy advice and audit services.

## Decarbonisation of generation

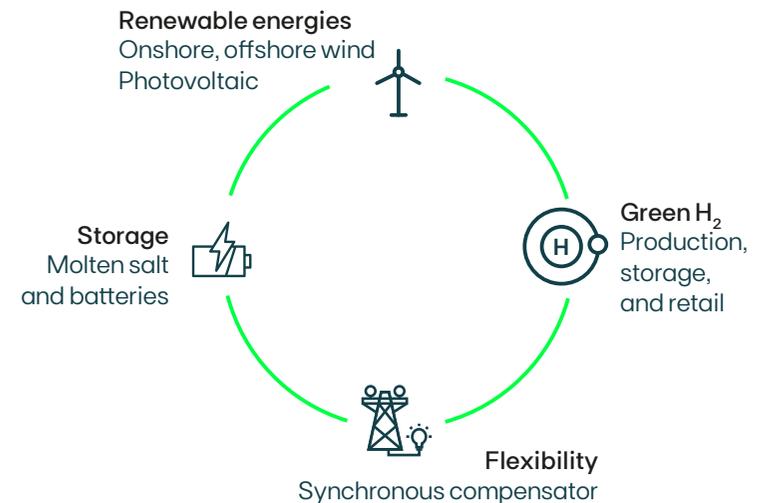
Location	Project
Aboño 	H <sub>2</sub> valley Aboño 2 to natural gas Synchronous compensator
Soto de Ribera 	Storage H <sub>2</sub> plant and consumption Synchronous compensator
Los Barrios 	H <sub>2</sub> plant Synchronous compensator Storage
Puente Nuevo 	ENCE biomass Onshore solar Floating solar Synchronous compensator
Hidráulica 	Hydro screws Dam-toe



The road to decarbonisation entails a firm commitment to electricity production from renewable sources, renewable hydrogen production, bioenergy, and storage technologies, as well as the so-called energy transition facilitators, which include energy grids and digitisation of the value chain.

In EDP, we have committed to accelerating the journey towards decarbonisation with ambitious goals, such as ceasing the operation with coal by 2025 and becoming a 100% renewable company by 2030, getting ahead and assuming global leadership in the fight against climate change.

Therefore, we have transformation projects for our thermal power plants in Spain, with realistic transition plans based on four pillars: renewable energies, renewable hydrogen, energy storage, and flexibility systems. A clear example of Just Energy Transition.



## Our plans throughout 2022 have been:

### 1. Asturias

#### Aboño thermal power plant:

- Reconversion to eliminate the use of coal and burn gases from industrial by-products and renewable H<sub>2</sub>.
- Renewable H<sub>2</sub> centre to supply nearby industries.

#### Soto thermal power plant:

- Energy storage with diverse potential technologies (lithium-ion batteries, molten salt).
- Recovery of the power plant alternator as a synchronous compensator: maintaining the quality of supply in the area.
- Demonstration H<sub>2</sub> projects to supply **nearby** industries.
- Mini-hydraulic.

### 2. Cádiz

#### Los Barrios thermal power plant:

- Implementation of battery storage.
- Recovery of the power plant alternator as a synchronous compensator: improved integration of renewables.
- H<sub>2</sub> centre to supply nearby industries.

### 3. Córdoba

#### Puente Nuevo thermal power plant:

- Implementation of photovoltaic.
- Floating photovoltaic.
- Recovery of the power plant alternator as a synchronous compensator: improved integration of renewables.
- Collaboration in a biomass project.

### 4. Hydraulic projects

In 2022, we have also promoted renewable hydraulic projects, allowing to improve our hydraulic power plants. In the Furacón dam in the hydraulic power plant in La Florida, progress has been made in the installation of a hydro screw or Archimedes Screw, which will allow to regulate and seize the environmental flows of the dam. Other hydraulic installations that are being studied to use this same technique are the reservoirs in Tanes and Rioseco.



# IPCEI: Hydrogen strategic projects

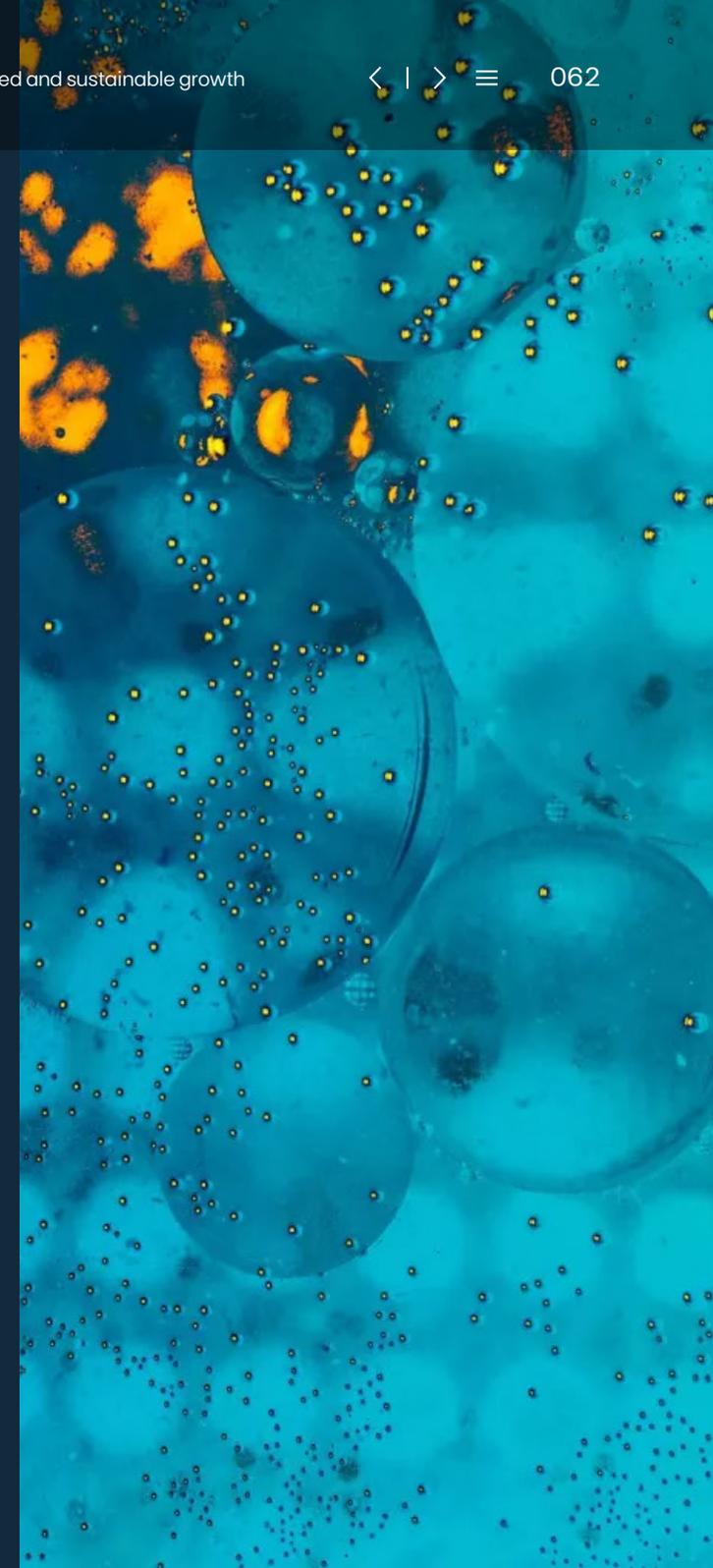
Three of our projects have been declared Important Projects of Common European Interest (IPCEI Hy2Use) eligible to receive funding, since they were considered strategic for the energy transition. EDP has been the company with the largest number of selected projects: Aboño (Asturias), Los Barrios (Cádiz), and IAM Caecius (Teruel), aimed at promoting the development of green hydrogen. In total, 225 MW of electrolyzers to generate and supply green hydrogen.

This recognition reflects our ambition to lead the energy transition through a realistic project to transform our thermal power plants into sites related to renewable energies, green hydrogen, energy storage, and flexible electricity system. Specifically, our plans for Aboño involve turning the current thermal power plant into the Asturian valley of green hydrogen, with 100 MW of electrolyzers, which may be subsequently escalated. As regards the thermal power plant in Los Barrios, we have planned for further 100 MW electrolyzers. Both initiatives

will allow to supply green energy to the industries in Asturias and in Campo de Gibraltar, respectively.

We are also working on the IAM Caecius project, in Teruel, with 25 MW of electrolyzers, and envisaged as a project for the innovative use of green hydrogen, jointly with the Tervalis Group.

A total of 29 companies participated in the IPCEI with activities that will develop 35 projects. By selecting them, the Commission has confirmed that they contribute to the common goal of supporting a key strategic value chain for the future of Europe. The 35 projects are 'very ambitious', since they aim to develop technologies and infrastructures that go beyond what the market is currently offering. The Commission has taken into account that the plan entails significant technology and financial risks for the companies, which is why the public aid is necessary to give incentives to the companies that make such investment.



## Electrification of consumption

At EDP we have a commercial portfolio that exceeds 17 TWh of retailed energy, between electricity and gas, and customers such as Adif, with whom we have the largest electricity contract in Spain. Solar self-consumption is one of the company's priorities, as it is an energy solution that boosts savings, sustainability, and the competitiveness of companies. This is why we have a portfolio of almost 110 MWp, and we maintain alliances with major national and international partners, such as CaixaBank, who provide the most innovative integrated solar energy solutions to their customers.

Self-consumption projects implemented in the B2B segment during 2022 amounted to 221, with a total equivalent to 47,368 kWp, highlighting the growth of installations in Asturias, one of the areas with the lowest solar radiation in Spain, but where this type of installation also brings benefits. According to the IDEA (Institute for Energy saving and diversification), the energy generated in Asturias is only 1.085 kWh/kWp, compared to a national average of 1.42 kWh/kWp.

This type of installations has in addition been given an impulse by the development of the As a Service contract, where the company owner, with the implementation costs covered, does not need to make an initial investment, but makes it possible to provide energy directly to companies' productive processes, improving their energy autonomy, generating savings, and reducing their carbon footprint.

Large companies have also trusted us to implement photovoltaic installations in a multi-site, national and international format. The simultaneous project model in several locations allows synergies in management and advantages in overall project operations when compared to an individual model.

Based on customers interested in multi-site projects, which included installations in France, an organic expansion model was decided on for that region with Solar DG France, using local developers and agents. The customer portfolio to date exceeds 130 MWp.

One of the most outstanding projects in 2022 was the one implemented at Cárnicas Frivall, at its plant in Villar de Olalla (Cuenca). The installation, which has a capacity of more than 4,500 kWp, will enable the company to reduce its annual electricity consumption by 30%. This is the largest self-consumption installation for industrial customers carried out by EDP in Spain, with almost 8,500 photovoltaic modules occupying an area of 45,000 m<sup>2</sup>.

Its annual production will be around 7,500 MWh, equivalent to the average annual electricity consumption of more than 1,850 homes, and it will avoid the annual emission of more than 2,000 tons of CO<sub>2</sub> into the atmosphere, which would be the equivalent to planting 12,500 new trees.

Among the multi-site projects, Faurecia, a multinational automotive components company, has signed a global partnership to install up to 100MWp of solar power at Faurecia units in Europe, Asia, and the US. By the end of 2023, our goal will be to install more than 60 self-consumption solar farms at the multinational's factories in Portugal, Spain, Italy, the United States, China, South Korea, Japan, and Thailand. This is the largest distributed solar energy project ever undertaken by the EDP Group and the first one to be simultaneously implemented with the same partner in several continents.

### EDP Solar

Domestic self-consumption has experienced an outstanding growth over the last few years, and an increasingly number of families and businesses are opting for these technologies. Year 2022 has seen a genuine revolution in photovoltaic solar energy, placing Spain among the countries with the highest growth rate on a global level. The socio political and economic situation has contributed that an increasing number of Spanish families opt for solar energy, 100% renewable and way cheaper. The constant energy price rises, the uncertainty of geopolitical conflicts, such as the Ukrainian war and its impact on gas prices, together with the existing subventions ('Next Generation' Funds) and the government actions to promote the use of renewable energies have made solar energy the best alternative to reach a higher energy efficiency and saving rates in households and businesses. EDP Solar exemplifies the EDP Group commitment to this matter.

EDP Solar proposes turnkey self-consumption energy solutions for individuals and companies that promote saving, sustainability, energy transition, and decarbonisation. It offers a value proposal focused on the quality of the service, with individual commercial and technical support during the entire process of purchasing, not forgetting all the administrative procedures required to install, commission, and legalise the photovoltaic plant.

In EDP, we keep our firm commitment to solar energy as one of the key goals of our 2021-2025 Strategic Plan. For this purpose, important agreements have been reached with benchmark companies in the retail sphere to facilitate the individual customers' access to information and acquisition of top-efficiency energy solutions for the household.

## Batteries

Among the self-consumption solutions, in addition to solar panels, the energy storage systems, such as batteries, allow customers to uncouple the generation from panels and the energy demand. These systems allow to store the generated and non-consumed energy, as well as to be charged during the night (where energy is cheaper), in order to be used during the day (where its price is higher), avoiding consumption from the grid.

Nowadays, batteries are a fundamental element to achieve energy efficiency in the household, since they can reach up to 90% independence from the energy grid, being the perfect complement for a solar installation.

We have been marketing these storage solutions since 2020 and their demand is increasingly higher. In the last year, in line with our commitment to make the best comprehensive energy solutions available to our customers, we have strengthened the sales of storage systems to make the most of photovoltaic installations. Throughout 2022, we have marketed batteries in the residential segment for an amount over 8 million euros, which means more than 10 MWh storage capacity.



## EDP–CaixaBank 2022 partnership

The powerful partnership between CaixaBank and EDP was born with the companies' goal of fostering the energy transition by promoting the installation of energy-saving and sustainability solutions based on photovoltaic self-consumption. This firm collaboration between both companies took its first steps in 2021, with the launch of the commercial turnkey package targeted at residential customers living in a single-family dwelling, which included the photovoltaic installation by EDP Solar, together with CaixaBank's financing under favourable conditions. It was marketed through Wivai, CaixaBank e-commerce select place specialised in state-of-the-art technology, home, and mobility products.

In 2022, the partnership between EDP Solar and CaixaBank has been strengthened and the collaboration lines and segments have been extended. New energy efficiency solutions have been added to the initial offer of products and services, such as battery storage. Furthermore, this partnership between both companies has been extended to the business segment, in which there is an enormous energy saving potential, and different commercial packages adapted to the companies' energy needs are already available.

These commercial launches have been supplemented by many external joint communication actions on different channels, which have helped to position this partnership as one of the benchmarks in the self-consumption sector. In fact, the consumers' interest is constantly growing, and the ambitious goal set by both companies is reaching 100,000 photovoltaic installations by 2025.

The plans for the next year include to continue developing the partnership, extending the product portfolio, and developing new value services related to energy efficiency, with the goal of improving sustainability and saving, both for the current customer portfolio, which already has some photovoltaic self-consumption solution through EDP Solar and CaixaBank, and for the new customers that decide to join the solar energy option and start benefiting from an economic, clean, and environmentally-friendly energy.



## Sustainable mobility

Electric mobility continues to be unstoppable, especially with the boost to charging infrastructures following the new regulations that make it mandatory to install public electric vehicle charging points by 1 January 2023 in all types of locations, such as companies with parking spaces.

In 2022, EDP's charging points exceeded 800 in public spaces and 750 in private ones. Almost 900,000 kWh of energy have been charged in total, representing a growth of more than 60% compared to 2021, with a total distance of 5.5 million kilometres being covered and avoiding more than 112,000 tons of CO<sub>2</sub>.

Encouraging the use of electric vehicles, ensuring charging points for people when travelling, and contributing to the improvement of the environment are some of our priorities, with a strategy of providing electric vehicle users with the necessary infrastructure to allow them to charge their cars when travelling. By charging at EDP points, a driver with an electric vehicle leaving A Coruña can at present travel along the Cantabrian coast to France without having to enter a city. Furthermore, we were the first company to link Asturias and Madrid with the necessary points to guarantee charging during the journey.

We have reached agreements with various bodies, such as city councils and service stations, in order to start up these points, with the aim of promoting electric mobility. We have also established alliances with private companies, such as the Ahorramas supermarket chain, where we plan to install 450 charging points in 140 car parks and company offices.

Together with Ahorramas, the alliance is being extended with a major solar self-consumption project at its central platform in Velilla de San Antonio, consisting of more than 3,300 solar panels and with an installed capacity of 1,800 kWp. This will represent an annual energy saving of 25% in the total consumption of its logistics warehouses and central offices. This installation, which will produce around 3,000 MWh per year, will avoid more than 1,650 tons of CO<sub>2</sub>.

At a regional level, an agreement has also been signed in the Principality of Asturias with Masymas supermarkets (Hijos de Luis Rodríguez) for the installation of 20 chargers, each with 22 kW of power, in eleven stores in the region.

Both proposals guarantee a "convenient charging" option, i.e. anyone with a plug-in vehicle will be able to charge their vehicle while shopping, one of the key aspects to advance in the paradigm shift towards sustainable mobility.

We have also enhanced our public charging offer for all our customers, by supporting the idea that it is EDP who invests on behalf of the customer to place charging points in hotel car parks, restaurants, and petrol stations.

Sustainable mobility is key for EDP as one of the essential areas for transport decarbonisation. The company also offers 'MiVe', a comprehensive electric mobility service that can be configured by the customer, and which covers the installation and maintenance of charging points, charging at home and at public facilities, as well as the transfer of the vehicle or assistance for charging incidents.



# Mastercard project

EDP and Efbat lead a pilot project on a national level to promote electric mobility. These entities have entered into a partnership agreement under which they will install the first 5 publicly-accessible charging points for electric vehicles, which will be equipped out with a technology that will allow to pay using common credit cards or mobile devices.

The incorporation of contactless systems represents a relevant innovation in the electric mobility area. At present, given the variety and diversity of charging point operators, drivers are forced to have different payment methods or user accounts in each supplier's mobile applications. The installation of these first publicly-accessible charging points will be framed within a large project in which Mastercard participates for the implementation of the great electric corridor between Portugal, Spain, and France, with the installation of up to one thousand points. Asturias will be the first Autonomous Region in which the new charging equipment based on contactless technology will be installed.



## Customer satisfaction

The EDP Group has committed to maintain a customer satisfaction level above 75%. A target that is controlled by measuring satisfaction in their interactions with the company, the number of complaints, and the satisfaction surveys. **The customer satisfaction level in Spain has been 7.5 out of 10 points.**

### Claim and complaint management:

In the EDP Group, we are continuously investing in the development of channels and media to manage claims and complaints, as well as in the improvement of the customer experience. In addition to offering conventional customer care channels, we make available alternative solutions to those envisaged by the law, such as the Ethics Ombudsperson, which has a special reporting channel open for all stakeholders, or the Complaint Portal, available through the online form on the corporate website, in the EDP Customer area, or EDP telephones available for such purpose.

### Customer service

Some developments addressed at improving our B2B customer satisfaction and services evidence that EDP is not just another supplier, but it aims to be the energy partner that sees to the fulfilment of its commitments and ensures the energy expenses of its customers are in accordance with their needs at all times.

One of the most remarkable examples is “Power optimisation”: constantly monitoring the power curves guarantees an ad hoc optimisation of the contracted powers for the different electricity supplies of current and potential customers.

### Customer experience:

- Automated customer care, interpreting their comments in a natural language, so that, along with the rest of quantitative assessments from the satisfaction surveys carried out, we can take corrective and accurate actions as quickly as possible.
- Development of a digital signature solution for remote and paperless acceptance during the contracting process as regards B2B customers and mobility.
- Implementation of the OMIP Closing Portal, which allows indexed customers to execute the direct partial or total closing of coverages in a quicker and digitally connected way.

### Safety of products and “services”

The safety of the products and services marketed by EDP represents a fundamental aspect for business sustainability. Risk prevention and control in all the activities and equipment is an essential corporate requirement that constitutes a commitment at the highest level and to which the entire Group is adhered.

In the scope of the EDP energy service portfolio, there is a set of promoted practices that foster product and service safety, among which the following stand out:

- Promotion of online simulators that allow to personalise and measure the solutions according to the needs of each customer. In these offers, previous visits are conducted to adjust the solution and guarantee that all the additional interventions are taken into account.
- Measures to guarantee the legal compliance of all the services and products with the current legislation.
- Training and monitoring all the installation teams, as well as making instructions for use and safety rules available to all customers.
- Specific studies to analyse the safety of the structure of buildings and additional equipment.
- Regular inspection of installations, according to their function, type, and regulation, to guarantee their safe operation throughout their life cycle.



**PLANNED INVESTMENT FOR 2023**

**€192M**

## Customers connected to smart grids

EDP Redes España is the electricity distribution company of the EDP Group in Spain, comprising E-Redes and the Viesgo Group (Viesgo and BEGASA).

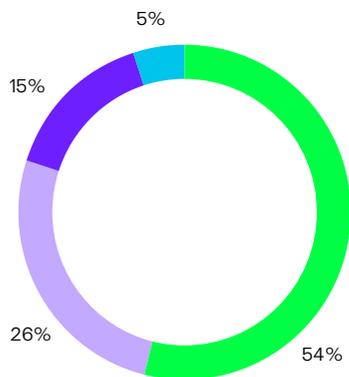
For the second year in a row, it stands out as a company leader in security and quality of supply, fruit of the investment mainly made in the digitisation of the grid to attain a truly smart grid and operational efficiency, structured through the Vega project.

Security and quality of supply are the key aspects vis-à-vis customers. The Installed Power Equivalent Interruption Time (TIEPI) of EDP Redes España in year 2022 maintains its leading position with 17.5 minutes, reflecting the high level of the quality of supply.

The total investment made by EDP Redes España in 2022 amounts to 169.3 million euros, fruit of an ambitious medium-term strategic plan of the company, which has been allocated 899.5 million euros for the 2022-2026 period.

Distributed per year, the planned investment for 2023 is 191.9 million; 189.3 million in 2024; 179.5 million in 2025, and 169.5 million in 2026.

The distribution of the investment per autonomous region in 2022 is around 54% in Asturias, 26% in Cantabria, 15% in Galicia, and 5% corresponding to Castilla y León, the Autonomous Region of Valencia, Aragón, Catalonia, and Madrid.



According to the strategic purpose of investments, they are divided as follows:

- 12% in 'Electrification and decarbonisation': These are the investments in new grid capacity, including new customers/connections, new power lines, reinforcements, and additional capacity of transformers.
- 7% in 'Resilience and environment': This includes the investments related to the improvement in the quality of the service and the environment. For example, new connections among lines, transformers and mobile substations, and conductor reinforcement.
- 39% in 'Revamping': These are the investments in the renovation and revamping of assets, as well as in the replacement of obsolete assets (for example, assets that have reached the end of their useful life, obsolete technology, or grid voltage harmonisation).
- 40% in 'Digital transformation'. These are the investments made in:
  - Automation of grids, communications, and digitisation. Specific automation and grid monitoring projects.
  - IT systems
  - Smart meters, including remote-control meter programmes, equipment, and measuring systems.
- 1% in "Specific losses": This category includes specific investments to reduce non-technical losses, such as measuring, investments in tele-measuring, investment in anti-theft wires, replacement of old or broken meters, and other projects.
- 1% in "Support": These are the investments related to the management of the installations and others, such as equipment, fleet, etc.

## Most relevant projects/initiatives

### 1. Vega integration project

Aimed at making EDP Redes España a leader in the electricity distribution business in Spain, the project is based on 4 pillars:

- Maximising investments.
- Strengthening the position of the group as the supplier with the best quality of supply in Spain.
- Consolidating the group as leader in operational excellence in Spain.
- Leading the development of new services and technologies.

In its first two years, the project has implemented more than 220 initiatives, in which more than 200 employees have participated, reaching high efficiency levels.

Through this project, we keep progressing in the application of best practices, unifying procedures, and establishing common criteria in the management of the electricity distribution business of the EDP Group in Spain.

**2. Customer Care Platform:** unified for distributors as regards telephone assistance, front office, digital channels, and contact and complaint management.

**3. Adjustment Programme to Royal Decree 1432/2008 on avifauna protection in the Principality of Asturias.**

### 4. Project to decrease low-voltage loss through the processing of available data.

Through this project, the reports on the loss per transformation centre have been automated, checking the supervisor's measurements against those of the meters.

### 5. Digital transformation projects:

EDP has a portfolio of projects related to digital transformation, including 17 in innovation and 12 in data and smart grid. 10 innovation projects and 6 data and smart grid projects have been completed, among which we can highlight:

- Datalake project, which will allow throughout 2023 and in the following years to improve predictive maintenance, asset management, grid operation, etc.

- Project to use low-voltage balances to identify mistakes in source data and thus improve the quality of information which is valid for all the applications concerned (ADMS, AMI, asset management).
- The low-voltage grid remote control strategy has been launched, by using CB2T (Remotely Controlled Low-Voltage Panels), as main lever to tackle the energy transition challenges in low-voltage grids. In 2022, the first prototypes were analysed.
- Other innovation projects in key technology areas for the digital transformation of the business: drones, artificial intelligence for image processing, use of satellites for overhead grids.

**6. Grid Loss Reduction Task Force,** which has allowed to identify levers for decreasing losses, install eco-design transformers in line with the EU Regulation on Eco-design, put out of service power transformers, where it is possible in terms of grip operation, replace conductors by higher voltage ones, change line voltage, etc.

### 7. Other initiatives:

- Close The Loop, improvement in complaint management.
- IoT in overhead lines, improving the impact on avifauna.
- Use of BVLOS and BRLOS drones.
- Monitoring of grounding points in transformation centres.
- AI for the identification of defects in the underground high- and medium-voltage line inspections.
- AI in breakdown service.
- Advanced low-voltage monitoring: Improvement and maintenance of the operation of multi-manufacturer devices, design, and firmware adjustments.
- Detection of leakage currents in low-tension lines.

# Future-proof organisation

In the EDP Group, we have assumed Integrity and Good Governance as one of our main sustainable development principles, which is reflected on our compliance with the laws and ethical rules, advocating for and promoting the respect for human rights in our sphere of influence and guaranteeing a business governance that is participatory, competent, and based on integrity.

To help us achieve our sustainability goals, we have implemented, since 2005, a Code of Ethics which sets out principles and commitments for the entire Group that apply to all our activities, in addition to further policies, such as the Code of Conduct for Top Management and Financial Executives, the Integrity Policy, the Security Policy, the Personal Data Protection Policy, the Code of Conduct for Suppliers, the Code of Good Practices to Avoid and Combat Harassment at Work, and the Policy on Respect for Human and Labour Rights, all of which directly apply to EDP España, and which are duly implemented through specific procedures.

Furthermore, we have a Compliance System (compliance management), with a series of corporate policies, rules and responsibilities, action plans, and procedures defined on a corporate level and applicable to all our activities in Spain.

## Ethics

We have an Ethics Office and the role of the Ethics Ombudsperson, whose activity is focused on the design, management, and implementation of Ethical Programmes.

Following a first programme during years 2019–2021, named ‘Building the Ethics building’, a new programme was designed in 2022, whose main goal is to strengthen the contents of corporate ethics in the daily life of the organisation, named ‘Making Ethics a reality’.

In the first year of this new programme, the Ethics Ombudsperson Office was focused on increasing the company engagement and reinforcing the employees’ trust in the whistleblowing management process, matters whose importance became more evident considering the results of the Ethical Climate Survey conducted at the end of 2021.

As part of our efforts to further enroot the Code of Business Ethics into the EDP universe, the update and review of the Code of Ethics was one of the most relevant initiatives. EDP new strategy and purpose were incorporated, the commitment to an effective whistleblowing or speak-up policy was strengthened, and the role of the managers in terms of exemplary behaviour was emphasised.

After such update, it was actively disseminated through meetings with the management. This idea-sharing sessions, held by all teams, allowed to identify the main areas for improvement on this matter and foster the corresponding mitigating action plans.

Likewise, the Ethics training and communication activities also marked year 2022. The organised training events and the EDP España employee attendance levels have been the following:

- Elearning – Ethics is Value: Let’s live our (new) Code of Ethics! –77%
- Elearning – Ethics is Value: in me, in society, in EDP –81%
- Elearning – Ethics is Value: To speak is to build –76%
- Elearning – Ethics is Value: Say no to harassment –70%
- Leading Through Others – Senior managers (live on-line)

In order to contribute to the employees’ training, a global initiative named “Do the right thing!” has been carried out, which, on a monthly basis and using comic strips, addressed different topics of the Code of Ethics, in a simple format and with a content close to reality, allowing to deepen the employees’ knowledge thereof and be used as guide for decision-making.

Other communication actions took place on the Global Ethics Day, with the campaign “Ethical culture in business – The importance of Psychological Safety”, along with the communication of the Ethisphere results or the Ethics Climate Survey results.

Besides, ethical training has been a priority for the partners too. The smart learning map initiative, developed in 2021, kept being reproduced with the main suppliers, and it will be implemented on a global level in the first quarter of 2023.

In terms of figures, the ethics channel received 10 reports, out of which 6 were classified as potentially ethical. After analysing them, only one was found to be grounded on data protection matters, and measures for training the managers and improving the procedures were adopted.

### EDP, one of the most ethical companies in the world

EDP has been recognised for the eleventh time in a row as one of the most ethical companies in the world, being one of the nine recognised companies in the Energy and Utilities sector of the index.

This distinction, granted by the Ethisphere Institute, recognises once again the EDP Group’s good practices in terms of management and corporate ethics in all the geographical areas in which it is present.



# Update of the Code of Ethics

Our Code of Ethics gathers ethical values and commitments, describes the energy transition leading strategy that governs us, identifies specific ethical risks and challenges which the employees may face in the performance of their duties, and includes examples of specific dilemmas, proposing possible solutions.



An identity that summarises the company’s way to do things and represents its ethical commitment, reflected on the following most relevant matters for the company:

<p><b>1</b> A people-centred company</p>	<p><b>2</b> Trusting relationships</p>	<p><b>3</b> A sector under transformation</p>	<p><b>4</b> Acting with integrity</p>
<ul style="list-style-type: none"> <li>Employees' well-being</li> <li>Health and safety</li> <li>Company representation</li> <li>Diversity, equity, and inclusion</li> <li>Harassment</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Relationship with investors</li> <li>Relationship with customers</li> <li>Relationship with suppliers</li> <li>Relationship with communities</li> <li>Competitors</li> </ul>	<ul style="list-style-type: none"> <li>Environment</li> <li>Energy transition</li> <li>Digital revolution</li> <li>Entrepreneurship and cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Corruption and bribery</li> <li>Conflicts of interest</li> <li>Gifts and invitations</li> <li>Money laundering and terrorism financing</li> <li>Privacy and personal data protection</li> <li>Use of privileged information</li> </ul>

**1. A people-centred company**

The main distinguishing features of EDP and its ethical commitment statement are embodied in a company that prioritises the well-being of its employees through management policies aimed at providing high levels of professional satisfaction and achievement, a safe and healthy working environment, commitment to and promotion of human rights, a culture free from any kind of harassment and which promotes diversity and inclusion, and representation of the company through ethical behaviour.

**2. Trusting relationships**

EDP promotes and practices trusting relationships with stakeholders, sharing value with shareholders, customers, and suppliers, respecting their expertise, and combining environmental and social responsibility, particularly in the communities in which it operates.

**3. A sector under transformation**

EDP is constantly working to play a decisive role in the deep transformation of the energy sector that is being carried out, committing to a just, innovative, and creative energy transition supported by the responsible use of technology.

**4. Acting with integrity**

EDP remains firmly committed to Integrity, guaranteeing the compliance with the laws and regulations applicable in all the countries in which it operates, and maintaining internal control systems to prevent and detect fraud and other irregularities.

## Compliance

In EDP Group, we have committed to carry out our activity in strict compliance with the current laws and regulations, together with the promotion of responsible actions governed by the highest ethical standards and integrity, requiring our entities, employees, and suppliers of services acting on our behalf to act in accordance with this commitment.

To this end, EDP adopts a 'zero tolerance' compliance policy with regard to any type of act that does not comply with the applicable legal and regulatory standards, based on the principles of transparency and fairness, with regard to the prevention and fight against illegal acts, including bribery, corruption, money laundering, and the financing of terrorism, among others. In order to put this commitment into practice, our Compliance and Internal Control area is responsible for promoting it through the implementation of a Compliance Management System in line with the best international practices, specifically with ISO regulation 37301 – Compliance Management Systems, noting that EDP SA has obtained the respective certification by an independent entity. The Compliance Management System is divided into nine components, as seen in the figure, and 8 Specific Compliance Programmes (SCP):

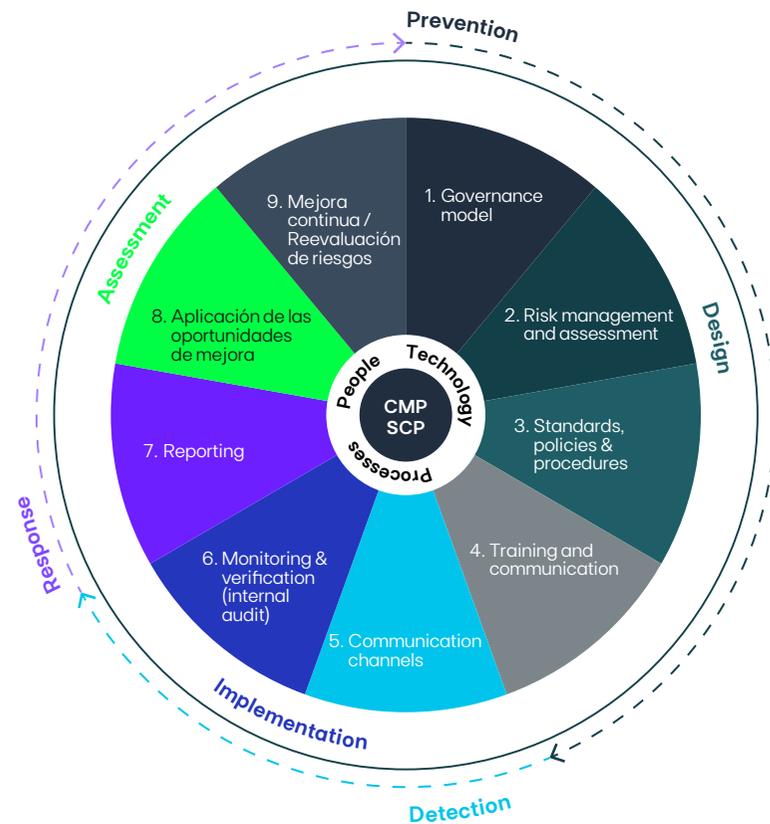
1. Integrity/Anti-corruption
2. Personal data protection
3. Competition
4. Money laundering prevention
5. Separation of activities
6. Environment
7. Health and safety
8. Internal control system for financial reporting

This structure has standardised the compliance management guidelines and methodologies throughout the organisation and in the different regulatory areas.

The Compliance Management System, as well as the respective SCP, are continuously monitored by Compliance and Internal Control, and they are regularly subjected to internal and external audits that may result in the identification of opportunities for improvement, which will be considered to improve compliance management.

In this context, in 2022, a global survey was also conducted among all the employees of the Group to assess their perception and position regarding the Compliance matters, and to identify potential areas for improvement.

### Compliance Management System



## Prevention of corruption, bribery, fraud, and money laundering

We have implemented an Integrity Specific Compliance Programme certified in accordance with the requirements of the ISO standard 37001 – Anti-corruption management systems.

In this context, our Integrity Policy, which also applies to our service suppliers, reinforces the zero-tolerance policy against corruption practices, clears up the prohibition of facilitation payments, and details the principles related to the prevention of conflicts of interest, donations and sponsorships, gifts and invitations to events, contributions to political parties, relationships with politically exposed people, monitoring of international sanctions, prevention of money laundering, and fight against terrorism financing. This policy also establishes guidelines to conduct due diligence on third-party integrity matters.

En 2022, 6,317 Integrity Due Diligences (IDD) were conducted, out of which 1,148 took place in Spain. The conclusions of these IDD were assessed and gathered in an opinion that includes specific recommendations on the approval of operations, the appropriateness of contractual conditions, the integrity of third parties, and the monitoring of contract performance.

As part of our commitment to compliance, we offer different channels to lodge complaints, some of which are global and some are specific, about certain matters or applicable to each company, country, group, or subgroup, whose management is guaranteed by independent and impartial organisations. Specifically in the area of Money Laundering Prevention and Terrorism Financing Fight, no reports were received in 2022 and no suspicious operations were identified on a group level.

In 2022, training and awareness actions were also developed cross-cuttingly to ensure the strengthening of the compliance and integrity culture, supplemented by specific initiatives developed on a local level, according to the detected needs, among which the following stand out:

- "Compliance - The right way", addressing the compliance management principles and methodology in EDP.

- "ComplianceFLIX | How I met integrity", with case studies related to the implementation of procedures.
- "ComplianceFLIX | The Data Protection Officer", with the dramatization of case studies regarding different areas of data protection and special awareness about personal data breaches.
- Monthly cross-cutting publication of comic strips "Do the Right Thing", illustrating the ethics and compliance principles.

As for continuous improvement, the following initiatives carried out throughout 2022 also stand out:

- Review of whistleblowing channels to report irregularities and creation of new "Speak Up" channels, meeting the requirements of the European Directive on the protection of whistleblowers and its transposition into the national law.
- Review/improvement of the risk analysis methodologies and the internal integrity regulations, taking into account the changing context and the continuous adhesion to the best practices.

# Integrity policy

The principles and guidelines established in the Integrity Policy are embodied in specific internal procedures, among which we highlight the following:

- the due diligence procedure on third parties with which we have a relationship, such as suppliers, business partners/counterparties, sponsorship/donation beneficiaries, employment candidates, and other third parties, assessing the different integrity risks (where necessary, using external specialised advisors), by analysing any potential legal proceedings, adverse news, involvement with politically exposed persons (PEP), inclusion in sanction lists, situations of conflict of interests, etc.
- the PEP relationship procedure, which provides specific operating rules and the need to record and communicate certain types of interaction.
- the procedure regarding gifts and invitations to events, which defines the rules and thresholds for giving and accepting them, as well as review and approval mechanisms.
- the procedure regarding the allocation of donations and sponsorships, by virtue of which the integrity of the respective beneficiaries and the effective implementation of the granted aid must be guaranteed.
- the procedure regarding the management of conflicts of interest, which establishes the rules that guarantee impartiality and transparency in decision-making and prevent misconducts or inappropriate behaviours.
- the investigation procedure, which defines the operating principles and rules that must be followed in an investigation, which comprises five stages: preliminary analysis, documentary investigation, interviews, investigation, and issuance of a final report.

## Data protection

We assume strict respect for the privacy and personal data protection of customers, employees, service providers, suppliers, partners, and other stakeholders as a commitment throughout our value chain. In this context, the Specific Personal Data Protection Programme is one of the main cross-cutting programmes of the EDP Compliance Management System.

This commitment is gathered in the Group's Data Protection Policy, which guarantees compliance based on the observance of the following principles: (1) Lawfulness and purpose; (2) Transparency and loyalty; (3) Proportionality; (4) Monitoring; (5) Privacy from the source; (6) Responsibility, and (7) Security.

These principles are reflected in the diverse Group rules and procedures, which guide the actions of the different companies of the Group, and which address:

- privacy by design processes
- risk assessments on processing activities and data protection impact assessments
- management of subcontractors
- response to the right exercise process
- management of data breaches

All the foregoing is supplemented by specific procedures and controls defined on a Business Unit level for the entire life cycle of the processing activities, according to their respective exposure to the personal data protection risks.

In our relationship with customers and other stakeholders, all the Group companies provide information about the data processing activities carried out by themselves or by subcontractors, specifically through the Privacy Policies available on our websites or the information statements contained in the data collection forms or in the contractual clauses.

The management of this Specific Compliance Programme is based on a specific governance model, based on the Global Compliance System that establishes the responsibilities and the

paradigm relationship among the different participants and which is supported, in particular, by the coordination of the Global Internal Control and Compliance Unit, specific teams responsible for promoting the spreading, knowledge, training, and implementation of the Compliance programme in the respective areas of activity. The Global Internal Audit Unit is in the third line of defence, performing specific audit tasks to verify the appropriateness and efficacy of the implemented control mechanisms. Wherever it is legally required, this Governance Model includes the DPO.

As for the continuous improvement initiatives developed in 2022, the following stand out:

- the review and update of the CPS Governance Model, with the goal of systematising and clearing up the main intervention areas, adjusting some duties and responsibilities
- the review process of the Personal Data Protection regulation, aimed at updating it, obtaining a better systematisation, and clearing up and rationalising procedures
- the identification and implementation of improvements in the fair competition practice programme management tool.

### Fair competition practices

We promote strict compliance with the Competition rules, based on the commitments assumed in our Code of Ethics, Integrity and Commitment to Fair Competition Policy, and the Specific Compliance Programme regarding Competition.

The Specific Compliance Programme – Legal Obligations regarding Competition is aimed at strengthening the performance guarantees of the EDP Group companies regarding the compliance with legal requirements on competition matters in Portugal, in particular, as regards contracts and employee performance pursuant to the highest ethical, integrity, and competitive standards, contributing to sustainability and development in the markets in which EDP operates.

## EDP recognition regarding ESG values

In order to increase transparency and boost our ESG leadership, in a decisive year to lead the energy transition, we have participated in different task forces, observatories, and initiatives, raising awareness, informing, and communicating the company's best practices and sharing our experience and ESG trends, while simultaneously monitoring emerging topics and practices of other stakeholders. In parallel, we have participated in forums, work sessions, and initiatives, among which the following stand out:



### • Spanish Network of the Global Compact

EDP España is a signatory to the Global Compact since its beginning in year 2004, and, since then, it has been collaborating in different initiatives with the Spanish Network and the UN Global Compact (UNGC).

In year 2022, it should be highlighted our participation in the UNGC programme 'Early Adopters', a pilot project for the 100% digital submission of the Communication on Progress which must be prepared each year and published on the Global Compact website.

In EDP España, we have been validating, for several years, our Sustainability Report as a Progress Report, reaching an Advanced level in the initiative. The 'Early adopters' programme has allowed us to supplement our sustainability reports based on a questionnaire about relevant ESG of the year and lessons learned, which UNGC will publish by way of benchmark. It is a pilot project that improves and standardises these reports, facilitating their consultation and peer comparison by stakeholders.

We have also participated actively in the UNGC initiative 'Target Gender Equality', an international pioneer programme to encourage companies to establish and meet ambitious goals on women representation and leadership matters.

Other accelerating programmes in which we participate are SDG Ambition, supporting companies in the Global Compact to set ambitious business goals and accelerate the integration of the SDGs in the management of their business activities, or the Business and Human Rights programme, to manage the companies' responsibility and opportunity to

promote human rights in all their operations, supply chains, and other business areas. Both programmes will get their main results in 2023.

Other collaborations carried out together with the Spanish Network of the Global Compact have been:

- Showcasing of EDP España ESG good practices
- Collaboration in the campaign #apoyamoslosODS
- Participation in the publication 'SDG Year 6. 2030 Agenda from a sectoral approach' and attendance to the event celebrating the 6th anniversary of 2030 Agenda (25 September)
- Publication of an editorial on the Global Compact website: 'Energy transition: a renewable and circular road'.
- Promotion of the Barrio Solar Zaragoza project and the Entama programme in the Go!ODS awards, the latter having won the go!ODS award for its impact on SDG 11-Sustainable Communities.

## forética

### • Forética:

In 2021, we joined Forética, a benchmark organisation in sustainability and corporate social responsibility, representative of the World Business Council for Sustainable Development (WBCSD) in Spain, national partner of CSR Europe and member of the State CSR Council in Spain.

As a natural step in our relationship with the entity, and in line with our goals to be recognised as an ESG leader, EDP España has become a sponsor partner of Forética, which, in turn, grants it permanent access to the Spanish Business Council for Sustainable Development, an advisory body formed by the Chairmen and/or CEO of the most relevant companies in the country in terms of performance, in which trends, challenges, and solutions are shared, and a joint vision is projected (2050 Vision), as well as strategic recommendations to achieve sustainable development in environmental, social, and governance (ESG) areas.

In 2022, we have actively participated in the Circular Economy and Nature Business Ambition Task Forces, as well as in the Transparency, Good Governance, and Integrity cluster, the Climate Change cluster, and the Social Impact cluster.



• **Aelec**

Participation together with Aeléc (Electric Energy Companies Association) in the dissemination, spreading, and promotion of aspects related to energy transition and digital transformation of the electric sector in Spain throughout its value chain.



• **CEOE (Spanish Confederation of Employers' Organisations)**

We have joined the CSR Committee and related Committees.

- Sustainable Development and Ecologic Transition Committee
- Research, Development, and Innovation Committee
- Corporate Social Responsibility Committee
- Water and Littoral Protection Task Force
- Environmental Quality Task Force
- Climate Change Task Force
- Natural Capital, Biodiversity, and Business Task Force
- Circular Economy/Waste Task Force
- Sustainable Finances Task Force
- Energy Transition Task Force
- 2030 Agenda Task Force
- Non-financial information Task Force



• **Energy and Poverty Chair – Universidad de Comillas:** participation in the Advisory Board of the Chair.



• **Club de Calidad**

Participation in four Expert Groups: Group of Experts in CSR, Operation and Lean Expert Group, Commercial Directors Group, and Compliance Group.

- Participation in the study “Analysis of the integration of social responsibility in the strategic management of Asturian organisations”, prepared by Cátedra Asturias Prevención.
- Participation in the virtual business conference “Towards 2030 Agenda: Good CSR practices in Asturian companies”.
- Participation in the ‘Guide for the preparation of a Safe and Healthy Teleworking Plan’ promoted by the Asturian Institute for Occupational Health and Safety of the Principality of Asturias.
- Participation in the “Asturias and 2030 Agenda” programme promoted by the Directorate for Citizen Engagement and 2030 Agenda of the Principality of Asturias, which included posting talks on YouTube for public dissemination



• **Citech**

Participation in the “Industry 4.0 and Sustainability in Asturian companies” conference



• **CSR commitment**

Publications about EDP España’s Corporate Social Responsibility on the ESG practices dissemination portal.

- **Corresponsables**

Participation in the Corresponsables Annuary, a highly relevant ESG publication in Latin America. Publication of ESG news and good practices on the Corresponsables Portal.

- **CSR portal in the Ministry of Labour and Social Economy:**

Publication of the Sustainability Report of EDP España on the Portal and validation thereof.

- **CODESPA Foundation and Enterprise Observatory for Inclusive Growth**

Promotion of the ENTAMA programme.

- **COGERSA**

Collaboration in the European Week for Waste Reduction (EWWR). The EWWR is an initiative of the European Commission coordinated in Asturias by COGERSA. EDP España has been uninterruptedly participating in the annual series of this initiative, which is already in its 12th year, not only by fostering the waste reduction principles promoted on a European level, but also enhancing the initiatives of the EDP Group as regards circular economy.



This year, the circularity measuring tool Circumetric has been promoted as a good practice. It is an innovative initiative with potential in the decision-making process in environmental management, through both in-company training sessions and the editing of an informative video in Spanish and English.

- **Spreading of the EDP position in Sustainability**

- Media impact: Publications on special CSR pages on regional papers, such as La Nueva España and El Comercio, and on the Andalusian newspaper, ABC Sevilla.
- Social media actions: LinkedIn, Twitter, and Instagram.

## Other ESG conferences and events

Among other ESG conferences and events, the following stand out:

- Horizon Europe networking event, organised by FADE.
- “Suppliers and CSR” workshop, organised by UPTA to assess the roles of SMEs and freelancers in supply chains in terms of CSR.
- “Energy transition: Women and Mining” conference, organised by HUNOSA.
- “Business sustainability” conference, organised by TRESKOM Comunicación.
- “Energy storage” and “Technology and Innovation in the Electricity Sector” conferences, in Enerclub.
- “Incorporation of Flexibility in Electricity Distribution” webinar, organised by Barbara IoT.
- EHEC congress on Hydrogen, organised by AEH2.
- Others.

## Innovation

### Global vision

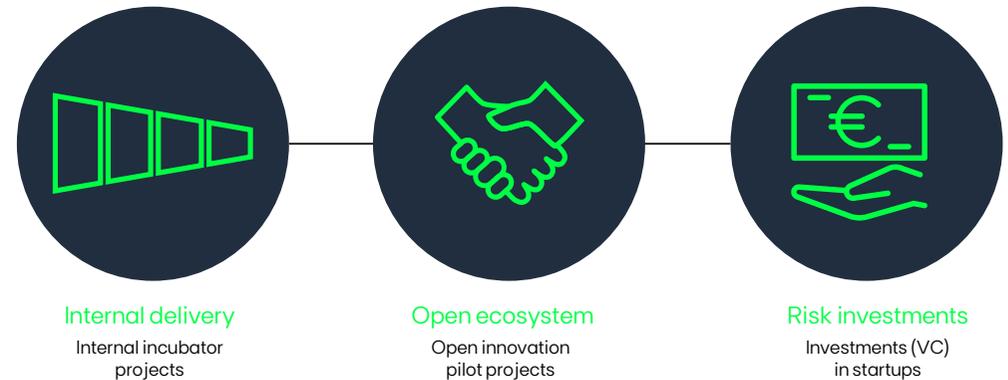
Innovation has long been a traditional investment priority for EDP, having EDP Inovação (EDPI) as the key promoter of innovation within the Group. It was established in 2007, with the aim of creating an autonomous entity responsible for the activities and fostering tighter bonds with the business ecosystem.

EDP's innovation operating model is based on a rapid adoption logic with a well-defined purpose of accelerating impactful new businesses and promoting the rapid adoption of innovative solutions to lead the energy transition. It seeks to solve energy transition problems by integrating new technologies and products, as well as innovative business models, in the EDP business to improve its competitiveness and create value for stakeholders.

EDPI follows an open innovation philosophy that is committed to and promotes adoption through three paths that act in parallel and complement one another, fed by a cross-cutting sourcing process:

- Internal projects: Implementation of an innovation portfolio internally developed through a process in a dosed financing logic, with a gradual risk reduction in the stages of the process and with the goal of creating businesses in the growth stage.
- External investments: Making and managing capital risk investments in external opportunities/start-ups, with the aim of accelerating the adoption of innovative solutions and businesses.
- External investments through EDP Ventures.

### Innovation strategy through 3 innovation paths



These innovation paths are supported by appropriate funding and investment, coordination, and the development of specialised expertise to guarantee that EDP is in the vanguard of market trends and innovation.

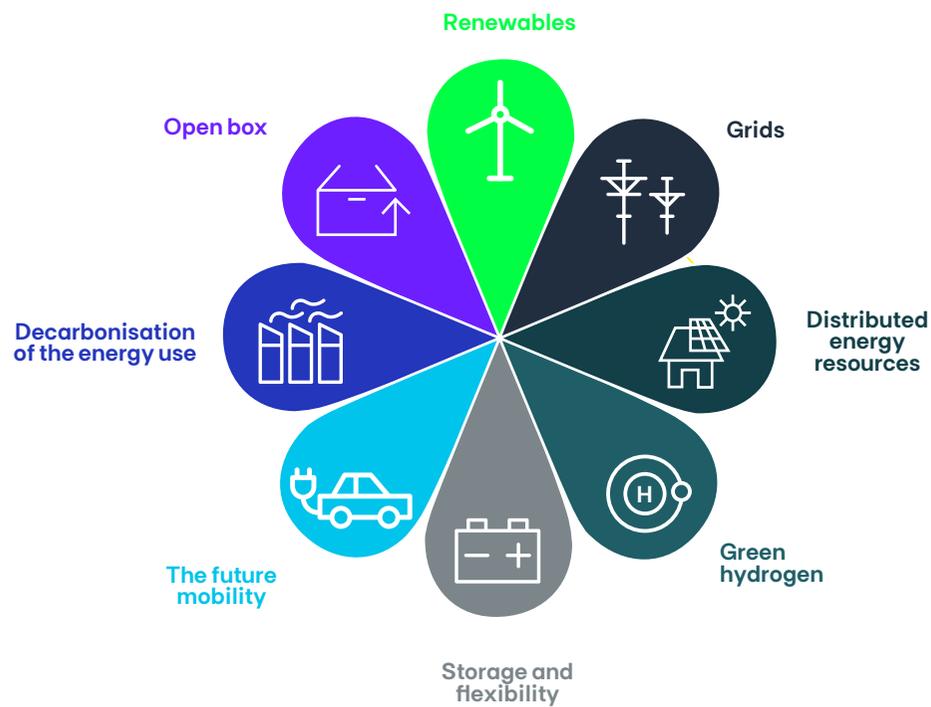
EDPI also guarantees the development and management of infrastructure to spread the innovation culture and the best practices throughout the organisation, fostering entrepreneurial spirit and intrapreneurship.

EDPI is focused on seven (plus one) scopes of innovation aligned with the corporate strategy and the market trends, which places us in the vanguard of market trends and innovation in the value chain of the energy sector:

- Renewable energies, their integration and flexibility to help EDP achieve its renewable goals – Grids, facilitators of energy transition.
- Distributed energy systems which support B2B and B2C customers in the development of their distributed generation solutions.
- Green hydrogen to support the energy transition in sectors whose activity depends predominantly on carbon-emitting solutions.

- Energy storage and flexibility, which test new storage technologies, and flexibility management.
- Sustainable mobility, which support EDP customers in their transition to electric mobility, and provides related services.
- Decarbonisation of energy uses, which supports the decarbonising efforts of EDP customers, developing new solutions and accelerating their adoption.

Furthermore, EDP Innovación is continuously seeking new solutions, The 'Open Box' sphere creates a space for the development of ideas and projects that do not fit in any of the other areas.



## Innovation Context at EDP España in 2022

There are three types of activities that we carry out in various domains: Projects, Support for startups and Technology Watch, and reinforcement of EDP's position in Spain.

### Projects

2022 was the year for EDP's consolidation of the new Innovation management model derived from the IMPACT programme.

One of the results of the IMPACT project has been the classification of innovation activities into four types, depending on both the degree of uncertainty with regard to the technologies or business models and their fit with a current EDP business or with a completely new source of value. Low-uncertainty innovation activities related to existing businesses will therefore be developed by the EDP platforms, while other activities will correspond to the corporate Innovation units (EDP Innovation and the regional centres). The Spanish Innovation Centre has been created at EDP España as a result of this distribution of activities.

The seven technology domains on which we focus our innovation efforts are: renewables as the main energy source, future grids, distributed energy resources, renewable hydrogen, energy flexibility and storage, future mobility, and decarbonisation of energy use. We carried out the Megatrends project in 2022 to identify priority areas within the seven technology domains, and on which we will focus innovation activities.

The Innovation model is implemented through three types of actions:

- evaluation of new business opportunities from the initial idea and implementation of validation projects until the market launch of a new product or service,
- interaction with the entrepreneurial ecosystem to identify startups offering value propositions aligned with EDP's technology domains.
- investment through corporate venture capital instruments in startups that EDP helps to grow.

We analysed and implemented 37 innovation projects in 2022 and seven of them were completed. We in addition analysed and developed 24 pilots with startups in the same period, and three of these have been closed or completed.

We participated in the following European RDI projects in 2022

**Flexigrid** (*Interoperable solutions for implementing holistic FLEXibility services in the distribution GRID*) is a project funded by the European Union's Horizon 2020 Research and Innovation programme. It brings together 18 participants from six European countries. The FLEXIGRID project develops solutions that will protect the security and reliability of the electricity grid as it incorporates increasing amounts of renewable energy. It aims to make distribution network operations more flexible and cost-effective by developing four hardware and four software solutions. A single open-source platform will integrate the different solutions and make them interoperable with the IT systems used by energy sector players. The project has pinpointed eight use cases that will be demonstrated in four countries. The demonstration centres will be managed by three distribution system operators and two large companies.

**Accept** (*Active Communities & Energy Prosumers for the energy Transition*) is a project funded by the European Union's Horizon 2020 Research and Innovation programme. It brings together 17 participants from 10 European countries. The project aims to develop and deliver a digital toolbox that enables energy communities to offer innovative digital services and access revenue streams that can financially support their functions and ensure their sustainability and efficiency. The ACCEPT framework will be demonstrated and validated in four pilot sites in Greece, the Netherlands, Spain, and Switzerland, involving more than 3,000 people and 750 residences.

**R2D2** (*Reliability, Resilience and Defense technology for the grid*) is a project funded by the European Union's Horizon Europe Research and Innovation programme. It brings together 17 participants and one partner from 10 European countries. The strategic objective of R2D2 is to improve the resilience and reliability of existing EPES (Electrical Power and Energy Systems) in the face of the growing number of threats and vulnerabilities that can affect such critical infrastructures, exposing weak points with harmful and damaging effects for the different stakeholders and end customers.

This will be done by deploying four tools dedicated to the prevention, protection, and restoration of EPES in two different and independent, but also complementary, scenarios in the energy value chain - from regional coordination between TSOs to the privacy of low-voltage customers. The project will build on strong energy coordination actions in South East Europe (SEE), following EU legislation and in line with recent activities promoted by ENTSO on cyber security in transmission systems.

**InCube** (*An INCIUsive toolBox for accElerating and smartening deep renovation*) brings together 23 high-level partners and two affiliated entities from seven European countries. The project is funded by the European Union's Horizon Europe Research and Innovation programme. InCUBE envisions unlocking the EU renovation wave through cutting-edge, standardised integrated processes based on industrialisation, innovative technologies for electricity production and storage, digitisation and new market entrants. InCUBE solutions will be validated at three large-scale demonstration sites: Zaragoza (ES), Trento (IT) and Groningen (NL).

**OmegaX** (*Orchestrating an interoperable sovereign federated Multi-vector Energy data space built on open standards and ready for GAia-X*) is a project funded by the European Union's Horizon Europe Research and Innovation programme. It brings together 29 participants and three partners from 11 European countries. The OMEGA-X project aims to implement an energy data space. This will include a federated infrastructure, a data marketplace and a services marketplace that will involve the exchange of data between different stakeholders and demonstrate its value for specific energy use cases, while ensuring scalability and interoperability with other data space initiatives.

**Hy2Market** is a project funded by the I3 Interregional Innovation Investment Facility, which aims to support the marketing and scaling up of European interregional innovation projects and investments through the development of European hydrogen value chains. Hy2Market is a multi-regional project led by the New Energy Coalition to research and produce hydrogen in an accelerated timeframe.

### Supporting startups

We have a programme called Energy Starter for the identification, selection, and testing of solutions proposed by energy startups to align them with our technology domains. The programme is organised into three thematic modules: Future Networks, Renewables and

Green Hydrogen, and Mobility and Customer Solutions. The Future Networks module was developed during 2022. Ninety-five applications were submitted and eight were selected to participate in a bootcamp that took place in Oviedo from 5-7 July. In the first module of this 2022 series, Spain was once again the country with the most applications, ahead of leading countries with respect to worldwide innovation hubs such as the United States and Israel.

The following startups participated in the bootcamp: The Norwegian company Heimdall Power develops sensors to obtain data from the grid in order to maintain the quality of supply. Idénergie (Canada) meanwhile, is developing a device that brings reliability to grids by controlling reactive power. Ionate (UK) manufactures transformers that include voltage control with power electronics. Liveable Cities (Canada) offers integrated solutions to promote the development of smart cities. Noteworthy AI (USA) is developing a solution for checking electricity networks using vehicles equipped with cameras. Three Brazilian companies also participated in the module: PiniOn Tecnologia has proposed a solution that automates meter reading collection, while QualityStorm is working on network inspection using photographs. And Quiron Digital creates algorithms to monitor and mitigate the effects of fires.

The Spanish ecosystem recognises Energy Starter as a cutting-edge programme in the search for solutions to lead the energy transition and all series held since 2017 have been enthusiastically welcomed by all ecosystem players. The media impact in Spain of the bootcamp had an equivalent value of €65,000, corresponding to 50 newspaper articles, two TV reports, and a radio interview.

A new edition of FreeElectrons was held in 2022, a global programme created in 2017 in which EDP seeks to connect with the best startups around the world to test and incorporate the application of new technologies into the group. FreeElectrons is a collaborative program where six energy sector utilities from around the world (American Electric Power from the US, CLP Power from Hong Kong, E.ON from Germany, EDP from Portugal, ESB from Ireland, and Origin Energy from Australia) work together in a collaborative environment.

The winner of this edition was the US company Power to Hydrogen, with an innovative reversible equipment solution that can function as both an electrolyser and a fuel cell, which allows it to function as an energy storage tool.

The i4Case project was completed in 2022, developed by the Asturian startup i4Life with the support of EDP España and the EDP Foundation. The aim of this project is to find out if there is any correlation between certain environmental magnitudes in homes (such as CO<sub>2</sub> concentration) and the blood oxygen rate measured by the i4Case device developed by the Asturian startup. The project included the collaboration of SEMERGEN, the Spanish Society of Primary Care Physicians, which helped to select vulnerable patients whose blood oxygen measurements were used to evaluate possible correlations. EDP's interest in the project is in exploring advanced home automation services that make it possible to link environmental and comfort variables with the correlating measurements provided by health monitoring equipment.



### Technology watch and strengthening of EDP position in Spain

In 2022, we have been present in the event AI Andalus Innovation Venture, in which we had a booth and participated in a round table. 1,285 professionals participated in presentations, round tables, workshops, mentoring sessions, and matchmaking activities over two days in the Sevilla Conference Centre, including among them more than 210 startups, 80 investment funds, and 50 companies. This way, EDP connects with the innovation ecosystem in Andalusia.

EDP heads in Spain the Spanish Technology Platform for Energy Storage BatteryPlat, which comprises more than ninety Spanish entities that seek to promote the development of these technologies. In this technology sphere, we have obtained, in 2022, funding from the aid offered for innovative R&D projects related to energy storage in the framework of the PERTE ERAH, for the Redox2025 project, which is aimed at demonstrating a Vanadium redox battery with a capacity of 1 MWh created with the Spanish technology of the company Hydraredox. The battery is located in the premises of the coal-fired power plant in Soto de Ribera.

Furthermore, we head the Energy Storage Task Force of the Spanish Smart Grids Technology Platform Futured. Such team has prepared a comparative document about use cases of energy storage technologies in the sphere of electricity grids.

In 2022, we renewed our agreement with the Universidad de Oviedo by virtue of which EDP España will financially support students from the Engineering School of Mining, Energy, and Materials and the Polytechnic School of Engineering of Gijón who prepare their master's project about the subjects proposed by EDP España. At the beginning of the academic year, the company will propose the topics in which it is interested and the maximum number of works it will support. EDP will select the applicants in which it is interested and allocate the amount of the support for each student, which will add up to €2,000.



Fundación Universidad de Oviedo  
Fundación Universidá d' Ovieu  
University of Oviedo Foundation

## Digital transformation

### Digital solutions

The use of digital tools experienced a major development in EDP España In 2022. The Journey2Cloud project was carried out in the first months of 2022, helping to successfully consolidate the documentation that the EDP Group kept in the old FileShare in a much more modern environment like the SharePoint FileShare.

SharePoint FileShare combines the security that centralised access control via an identity management system can provide with the ease of multi-device access and online cloud editing. It is in addition a solution that is fully integrated into our existing Office 365 digital tools ecosystem.

Another important milestone was the implementation of a new self-service process for managing advisory, consulting, and support services for digital tools. This not only offers employees easier and clearer access aligned with the rest of the IT services already available in ticketing tools, but it also provides complete traceability of the actions carried out, greater control of criticality and better information management through its reports.

This integration is already making it possible to plan improvement initiatives based on the data collected, such as the dissemination of pills for the most common usage problems or the development of new tailor-made workshops for the most popular tools.

The positive effect of this work is reflected in the metrics regarding the adoption of collaborative tools, which have seen a considerable increase (+6 points).

The table below shows a comparison of the percentage use of the main collaboration tools employed at EDP España and the Adoption Rate for Office 365 in 2021 and 2022:

EDP ESPAÑA	DIC 2021	DIC 2022	EVOLUCIÓN
Outlook	98.2%	99.3%	1.1%
OneDrive	82.4%	91.2%	8.8%
SharePoint	82.8%	91.2%	8.4%
Teams	81.2%	88.7%	7.5%
MFA	86.2%	92.6%	6.4%

The conclusion is that 2022 has been a great year for digital tools in EDP España, which anticipates an even better 2023 with the launch of Yammer, among other things.

### New projects

During 2022, several Cloud migration projects have been undertaken for the purpose of gaining flexibility in operations, achieving an increased efficiency in the use of resources, making information systems more resilient, and preparing the organisation for being more agile, while adopting the highest technology and security standards available in the market.

## People management

The increasingly global position in 2022 led the EDP Group to rethink its Purpose and Strategic Competencies with the aim of reinforcing a One Company culture, mobilising us towards our objectives and ensuring a common and attractive experience for employees.

There were 113 new hires throughout 2022, taking into account the new Generation scenarios and the needs of the Retail and Distribution areas. There were in addition 66 employment movements at EDP España: 54 Intra-company type movements (movements in the same area); 10 Inter-company type movements (movements between different areas) and 2 Group/Geography type movements (movements between countries).

In terms of training, the year 2022 ended with a total of 53,740 hours of training, which represented an increase of 35% in hours compared to 2021, and with the participation of 21,854 attendees, representing 98% of the current workforce. The main areas highlighted in the implementation of the plan were training in risk prevention, with almost 17,000 hours given, and highlighting the effort made in Fire Fighting training, First Aid, and the dissemination of Emergency Plans, as well as in the Lead Now Academy programme, with more than 4,000 hours. This allowed more than 230 Managers to be trained in the new Global Development Mindset, deepening their knowledge of processes and acquiring tools for the implementation of the new model with their teams.

EDP España launched the Positive Energy Plan in 2022, the Action Plan to respond to the areas of improvement identified by employees in the 2021 Climate survey. The launch took place in March and April with active listening sessions in Oviedo, Santander, and Madrid, and with the participation of more than 80 employees. The results of these sessions were published in a Personal Manifesto. A closing session was held on Teams on 18 November with the participation of 30 EDP España employees. We reflected on how we could continue to move forward in this session, apart from taking stock of all the initiatives carried out.

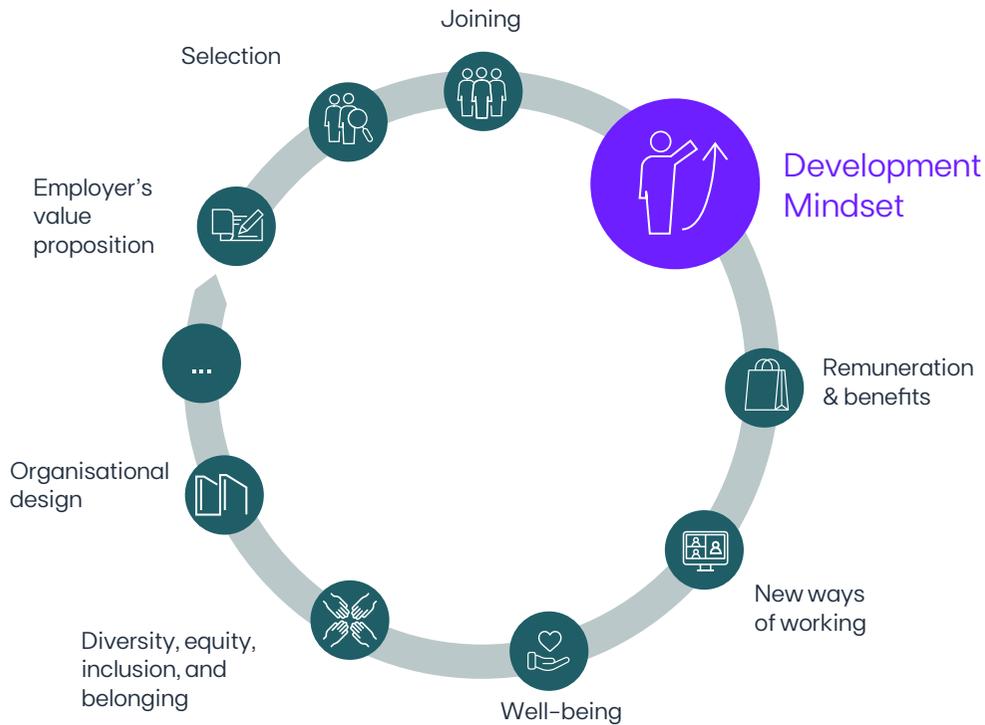
According to this Plan, the company's objective is, among other things, to find out what aspects to improve in order to continue advancing as an organisation, so that the company has first-hand knowledge of the needs of all employees and proposes various measures to:

- Put people at the centre of agendas, strengthening communication processes.
- Launch the New Global Mindset, implementing leadership and development tools (Lead Now Academy, etc.).
- Enhance wellness programmes, increasing benefits.

Among the main initiatives developed in the first half of the year, it is worth highlighting the presentations of the New Development Mindset made to all employees – announcing new features in the macro-processes of performance evaluation, competencies, development conversations and learning experience, as well as explaining a new business agility assessment.



In accordance with the new development model or new Global Development Mindset, the cycle of the employee experience meets the following scheme:



EDP España also joined the Group's 'wellness week' in June, announcing several Talks on Diversity, Wellness, and employee offers, and providing information about new benefits. We also organised a music concert by the EDP Band in the offices.

The number of individual and group recognition awards granted was maintained throughout 2022, a total of 167 employees from the various business areas, up to the third quarter of 2022.

The second half of 2022 was marked by several Top Management proximity initiatives that took the form of Dialogues with the CEO (five series with the participation of 77 employees) and Conversations with members of the CDO (seven series with the participation of 115 employees). Four product and service clarification sessions were also held (in which 177 employees participated), leading to the creation of Affinity Groups on our Benefits Platform.

The Climate Survey was launched at the end of 2022 with the support of a new external provider, but maintaining a global strategy and external comparability.

The year 2023 will stand out for the roll out of some very important corporate projects, such as the EDP Job Family Model and the Job Grades and Compensation and Benefits Model for the entire EDP Group. Audits will also be conducted for the Group's General Certificate as a Family-Responsible Company. This certificate as a 'Family-Responsible Company' (EFR) stands out as one of the company's main tools for balancing personal, family and work life, as well as for equality and inclusion. Through this certificate, the MásFamilia Foundation has recognised that EDP España has effective policies and initiatives to ensure work-life balance and equality among its employees, as well as a firm commitment to continuous improvement. It also reaffirms its commitment to measures in the field of flexibility, family support, professional development, and equal opportunities, conveying a strong involvement with the people who make up the organization.

EDP España obtained the EFR certification for the first time in 2011, having it renewed periodically after annual external audits that require the continuous development of new tools and measures in terms of work-life balance and equality.

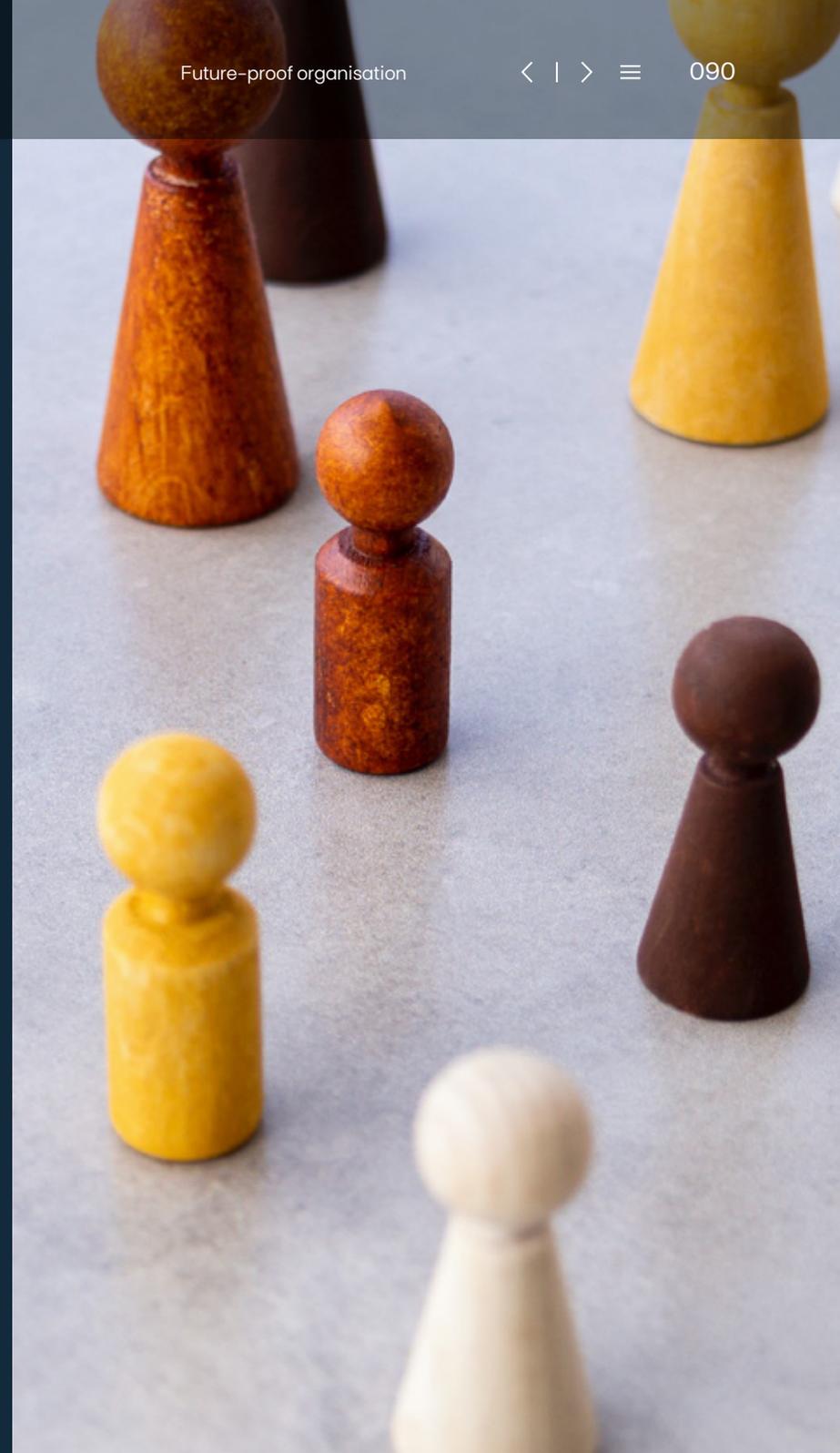
# New Diversity, Equity, Inclusion, and Belonging Policy

In EDP, we are committed to an increasingly humane experience, promoting not only diversity and inclusion, but also equity and a sense of belonging among all our people.

We are a socially responsible company, and thus, we care about integrating Diversity, Equity, Inclusion, and Belonging principles into our values and practices, because we believe our unique characteristics and our differences enrich us and help us fulfil our mission of creating a new energy in the planet which is more inclusive, shared, and green.

We want to make sure that each and every one of our people feels represented, appreciated, and supported, in order to build a more humane, resilient, innovative, and sustainable company, so we can change today, together, tomorrow.

To ensure the fulfilment of these goals, we implemented the new Diversity, Equity, Inclusion, and Belonging Policy, applicable to all the Group companies. This policy establishes a common commitment, offering a set of guidelines and mechanisms so everyone has the responsibility to contribute to a more diverse and inclusive workplace.



EMPLOYEES	PERSONNEL MANAGEMENT TEAMS	LEADERS	EXECUTIVE BOARD OF DIRECTORS (CAE)
<p><b>Including and respecting everyone’s diversity</b>, understanding that each person lives their own experience and goes through their own development.</p> <p><b>Reflecting and acting on yourself</b>, as regards unwitting prejudices and how they can hinder our capacity to be more inclusive and collaborative, contributing to a workplace that appreciates and protects the singularity of our employees.</p> <p><b>Acting proactively as an ally to boost yourself and others</b>, taking decisive actions in the daily life that build a company free from discrimination or other micro-aggressions.</p>	<p><b>Contributing to and supervising the Diversity, Equity, Inclusion, and Power (DEIP) strategy</b>, guaranteeing employees a fair and equal experience for all, in line with the company position.</p> <p><b>Providing opportunities for development and diverse experiences</b>, fostering awareness, reflection, and open dialogue to promote the daily adoption of inclusive behaviours.</p> <p><b>Implementing listening, feedback, and reporting mechanisms</b>, acting on the comments of the employees, to see to an inclusive culture in the company.</p>	<p><b>Influencing on the employees’ experience and on the daily processes</b>, mitigating potential unwitting biases, in order to guarantee fair and equal opportunities for all.</p> <p><b>Practising what we preach in terms of behaviours and directions</b>, being a model for employees, thus promoting DEIP in their teams.</p> <p><b>Creating direct channels to have open, empathetic, and inclusive conversations</b>, acting on the direct comments of the employees and sharing the opportunities for improvement with P&amp;O.</p>	<p><b>Challenging the different spheres of influence</b>, positioning EDP as a beacon of change in DEIP culture, fostering such mindset internally and externally.</p> <p><b>Leading by example</b> through active advocating and decision-making, being a model for the organisation, promoting DEIP within EDP.</p> <p><b>Including DEIP in the organisation agenda</b>, positioning it as an essential pillar, in pursuit of our energy transition goals.</p>

With a view to turning words into actions, the initiatives implemented up to date have included the launch of three main mechanisms:

**DEIB<sup>1</sup> Global Council** – the Executive Board of Directors and the top managers responsible for the personnel and organisation matters meet every six months to reflect and discuss the implementation of the DEIB strategy in the EDP Group;

**P&O Global Community** – R&D channel that comprises the pivots for DEIB matters in the corporate centre, the business units, and the geographical areas, which works on a collaborative basis to guarantee the global alignment when implementing the DEB strategy throughout the EDP Group;

**Inclusion Office** – global network that gathers all the employees who actively seeks to contribute to projects, events, and initiatives that promote a more diverse, fair, and inclusive workplace, where everybody feels part of one company: EDP.

The electronic address [inclusion.office@edp.com](mailto:inclusion.office@edp.com) is available to share suggestions, opinions, or questions, and the use of the already existing ethical channel for reporting inappropriate behaviours is also encouraged.

<sup>1</sup>Diversity, Equity, Inclusion, and Sense of Belonging (DEIB).

## Equality

In EDP, we guarantee the equality and inclusion of our staff, while creating a more diverse work environment. The maturity of the EDP Group on these matters is reflected on the Diversity, Equity, Inclusion, and Belonging Policy adopted in 2022, which establishes a set of responsibilities and mechanisms to promote a more humane and innovative company.

Upon implementing this policy in 2022, the first Global Council on Diversity, Equity, Inclusion, and Belonging was held, which established the priorities for the next business cycle (2022–2025), and the Gender Equality Plan (2022–2023) and the Equal Pay Project were reviewed, ensuring internal cross-cutting practices to guarantee pay equity.

Likewise, this Policy strengthens the ESG (Environmental, Social, and Good Governance) position of the company, which establishes the following goals for 2025 in the Strategic Plan of the Group:

- 30% ratio of women
- 30% ratio of women in leadership positions

According to EDP Ambition 2030, both ratios should be increased to 35% by 2030.

In España, the 2018–2025 3rd Collective Bargaining Agreement of the EDP España Group, published on Spanish Official State Gazette number 58, of 8 March 2019, as per Resolution 26 February 2019 of the General Directorate for Labour, is currently effective. This Agreement sets out in article 2 the equality and no-discrimination principle, especially the principle of effective gender equality, and its article 8 attributes the duties to monitor gender matters to the Joint Committee on Labour Matters.

Chapter 7 on gender equality and work–family life balance develops the specific aspects to “efficiently contribute through the positive actions agreed by collective bargaining and incorporated into this Agreement, to protect the values of effective gender equality in the

labour sphere, and to allow the employees under this Agreement to balance their work and family life under the best possible conditions”.

Besides, and in compliance with Law 3/2007, for effective gender equality, EDP España has Equality Plans for all the companies with more than 50 employees, valid for 2020–2025, all of which were signed with the trade union representatives who participated alongside the business section in the Joint Committee. These Plans develop a total of 50 specific measures and actions, which gather and supplement the guidelines of the Collective Bargaining Agreement, and they have been duly reported and recorded at the REGCON (Register and Depository of Collective Bargaining Agreements and Equality Plans).

The general goals established in the Equality Plans are:

- To keep integrating the gender perspective into the company management.
- To reaffirm the Company Management’s commitment to effective equal opportunities among men and women, by being directly involved in the project.
- To strengthen the cultural shift towards gender equality, eliminating stereotypes.
- To promote the joining and balanced representation of women in all the areas of the company.
- To make progress in the facilitation of achieving personal, family, and work life balance, and to foster co-responsibility among the people working in the EDP Group.
- To take actions and measures under the guidance and monitoring of the EDP Equality Task Force.

And as specific goals, the following are identified, per processes:

### Selection and recruitment

- 1.1. To keep guaranteeing equal opportunities in the recruitment processes.
- 1.2. To foster the necessary measures to attempt to reach a balanced representation of men and women in the different professional groups, but especially in those areas in which women are under-represented.

### Promotion

2.1. To maintain existing equality criteria in all the processes related to the promotion area, especially in those areas in which women are under-represented.

### Training

3.1. To raise awareness and train people in equal opportunities, especially the staff involved in the development, analysis, and monitoring of the Equality Plan measures, in order to guarantee equality between men and women and objectivity in all the processes.

3.2. To help women and men access training specialities that contribute to their professional development in the company in a balanced way.

### Remuneration

4.1. To keep applying the remuneration policy to guarantee equal pay in equally worth jobs.

### Personal, family, and work life balance

5.1. To keep helping employees to exercise the work-personal life balance and co-responsibility rights.

### Occupational health

6.1. To keep guaranteeing the application of the gender dimension in the occupational health and safety management policy and tools, in order to adjust them to the needs and physical, mental, biological, and social characteristics of employees.

### Protection against harassment and violence at the workplace

7.1. To spread and give visibility to harassment and violence at the workplace protocol among employees to work on their prevention.

### Gender-based violence

8.1. To improve communication and spreading of the legally established rights for gender-based violence victims, thus contributing to their protection.

### Communication

9.1. To keep guaranteeing that internal communication promotes an equal portrait of men and women.

9.2. To establish information channels about equal opportunities in the company.

### Human Resources' data and information systems

10.1. To maintain the automation of ratios on gender matters and future databases to collect information.

As additional equality management tools, the equality box [igualdad@edp.com](mailto:igualdad@edp.com), is available to receive suggestions, comments, and related questions. This box supplements the ethics whistleblowing channel, accessible via the corporate website and available to all the stakeholders to communicate and/or report bad practices of an ethical nature, together with the existing specific channel for matters related to harassment and violence at the workplace: [comisiondeacosoyviolencialaboral.ciavl@edpenergia.es](mailto:comisiondeacosoyviolencialaboral.ciavl@edpenergia.es)

Further initiatives to run the promotion of activities and projects that may have a positive impact on aspects related to improved quality of life, equity, and inclusion, have been developed in the EDP Partners framework, such as the programme EDP Suma+, which develops activities and projects with entities such as AEMENER (Association of Women in Energy), the MASSTEAM project with CTIC and FADE, or the partnership agreement with the Asociación Mujer y Talento in Cantabria, among others.



# #RebelsforChange campaign

There is still a low level of female participation in professions in the Science, Technology, Engineering, and Mathematics (STEM) fields. EDP wants to help change this reality, in line with its ambition to strengthen female presence.

The labour market needs 136 more years to reach equality between men and women, according to the forecasts of the World Economic Forum, an imbalance that is more notorious in technical areas such as engineering or technology, which are disciplines dominated by men.

EDP has launched #REBELSFORCHANGE, a global campaign that seeks to raise awareness and increase female participation in Science, Technology, Engineering, and Mathematics (STEM) careers. This global initiative is in line with the company's own ambition, which intends to increase its female representation at least up to 30% by 2025.

The main goal of the campaign is to create room for discussion and bring the topic to a broader audience, especially among young people that can aspire to follow a STEM career, proposing actions in some schools and showing the professional opportunities of these areas, including in EDP.

Through this initiative, EDP keeps strengthening its commitment to recognise female value in the labour market, also for those developing STEM careers. Furthermore, the company is committed to a corporate diversity and inclusion culture, for which it has been internationally recognised – an example of this is the EDP inclusion in the renowned Bloomberg Gender Equality Index.



**+10,000**  
**DIRECT BENEFICIARIES**  
 from more than 60 entities

**26**  
**VOLUNTEERING INITIATIVES**

**1,100**  
**HOURS IN EDP TIME**

**307**  
**EDP VOLUNTEERS**

**€34,000**  
**DONATIONS**  
 From employee donations, charity purchases, volunteering, and EDP España Foundation.

## Volunteering

### Energy campaign “Enseña Experimentando”

The volunteers present in the different countries in which EDP operates have carried out an initiative named ‘Enseña experimentando’ (Teach by experimenting), in which they share their knowledge with children aged from 4 to 15 through different activities. More than 800 children have attended the 30 workshops that have been organised in different schools in Asturias. The little ones have carried out different activities, from the manufacture of propelled cars or power plants made with lemons, to scavenger hunts. Through these fun and dynamic experiments, the 21 EDP volunteers brought the energy world closer to the kids.

### “EDP Charity Challenge 1 km, €”

In the framework of the inter-company Charity Challenge organised by FADE Saludable, EDP launched the EDP Charity Challenge 1 km = €1, in which every kilometre covered, whether walked, run, or cycled, means a one-euro donation by the EDP Foundation to the organisation ‘Ayuda para Ucrania desde Asturias’. The set challenge was to exceed 15,000 km, being able to add 7,222 more kilometres than in 2021.

Thanks to the collaboration of volunteers, relatives, and friends of the employees in this challenge, €16,698 were donated.

The number of participants was also higher than last year, a total of 359. The amount raised from their tickets, totalling €1,795, was allocated to the Galbán Association for Families of Children with Cancer in the Principality of Asturias.

### Humanitarian crisis in Ukraine

Since the beginning of the conflict in Ukraine and in response to the humanitarian crisis the country is going through, EDP has mobilised in all its geographical areas to offer actual and effective support to all those affected. We have made economic donations to organisations, such as Doctors of the World or the International Red Cross. In addition to the financial support, we have promoted, together with the NGO Doctors of the World, a campaign to collect goods in the countries in which the EDP Group is present.

Voluntariado EDP España has organised a collection of food boxes and medical supplies for the entity ‘Ayuda para Ucrania desde Asturias’, collaborating in their storage and their loading into the humanitarian trucks.

Along with the boxes, messages of support in Spanish and Ukrainian have been sent, in addition to 300 drawings painted by children from the schools Dulce Nombre de Jesús in Oviedo and Río Piles in Gijón, in support of the Ukrainian children.

In the Christmas campaign, second-hand toys were collected to be sent to the children in orphanages and hospitals in Ukraine, which ‘Ayuda para Ucrania desde Asturias’ delivered together with the humanitarian help it keeps sending in the framework of the conflict.



Economic contributions were also made to the Emergency Committee, comprised by 6 international NGOs that work, for the purpose of raising funds in a quick and effective way, adding all the resources raised throughout the EDP Group.

### Solidarity sports

**Voluntariado EDP** organised the 8th series of the Solidarity Paddle Tournament in Oviedo, in which 18 EDP España employees participated. In total, **€480** were raised and allocated to the purchase of hygiene products for the families that go to the soup kitchen in Oviedo.

The 4<sup>th</sup> EDP Solidarity indoor football mini-league was also organised, in which 24 participants played a three-team tournament, raising **€414**.

Our solidarity sportspeople devoted again this year their personal time to raise funds which, on this occasion, were allocated to Hogar San José of Father Ignacio Doñoro, in Perú.



This year, the EDP Christmas campaign has launched several initiatives, such as the “Alimenta esta idea” (Feed this idea) campaign, for the purpose of raising as much food as possible. EDP employees have made numerous donations to various food banks, and EDP has doubled the amount donated by them. The set goal was to reach 10 tons of food and, thus, following EDP’s donation, 20 tons would be obtained, equivalent to 40,000 lunches.

The Voluntariado EDP initiative Aceite Solidario achieved to raise €1,515, which were donated to the Emalaikat Foundation and their hydraulic infrastructures projects in Turkana (Kenia).

through these charity sales, €650 were raised for the Asociación Síndrome de Down and its occupational workshops, with the sale of its calendar.

We also collaborated in the charity bazaar organised by ASPACE, which raised €1,600 from sales, which have been allocated to therapy in the Multi-sensory Stimulation Room, provided with specific equipment and specialised staff.

This year, 500 kg of non-perishable food have been collected and donated to the Food Bank.

Voluntariado EDP keeps collaborating, as it does every year, with the Soup Kitchen in Oviedo. It has been in charge of the decorating with Christmas decorations the headquarters in the ASPACE Asturias Cooperative “Yo También Puedo”. Volunteers have also prepared baskets with hygiene and cleaning products. These items, purchased thanks to the funds raised by the solidarity sportspeople in the paddle tournament and the EDP Solidarity Mini-league, have been given to 100 low-income families. Additionally, food, Christmas items, and personal hygiene and household cleaning products were sent to 60 families that use the Soup Kitchen.

On this special season for the little ones, thanks to the “Haz de Rey Mago” initiative, gifts were sent on the Epiphany to children from 95 low-income families, which saw their wishes come true. This year, it has been also carried out in Bilbao, where toys were collected for 20 more children from vulnerable families identified by Cruz Roja.

€24,000 raised, donated, and invested in initiatives within the Christmas Campaign, contributed by volunteers and solidary people, Voluntariado EDP and the EDP España Foundation.

More than 2,000 direct beneficiaries from these projects, in which 386 volunteers participated, amounting to 551 Volunteering hours in 13 initiatives.



## Health and safety

The Occupational Health and Safety Management System in EDP España keeps increasing the exigency in the established standards and maintains, having obtained a very good assessment from the external audit entity, the ISO certification 45001:2018.

It should be highlighted the growing role throughout 2022 of the playitSAFE programme, which seeks to build solid foundations in the commitment and leadership of the company's Top Management to Occupational Health and Safety, acting in different dimensions, with the creation of diverse Work Streams to unify preventive management processes and tools throughout the EDP Group, with different levels of materialisation, converging on the goal established for the end of 2022.

Occupational Health and Safety training is a fundamental pillar in our Management System, as evidenced by the data of 15,800 hours of training offered during year 2022.

At year-end of 2022, our frequency and severity indices closed with values that allow us to achieve the set goal on a group level, although several accidents occurred during the year. These indices have recorded a frequency rate of 1.83 regarding own workforce and contracted workers, against the 2.4 target, and a severity rate of 194, against the 270 target. The specific actions plans and the reaction of the organisation as a whole have been key to minimise the likelihood of repetition.

Our activity, as it is well known, is based, to a great extent, on our partner companies. The management of business activity coordination entails an enormous effort by the organisation, in which more than 270,000 requested documents, resulted from the parameterisation of the different contracted activities, have been validated.

As mentioned at the beginning, the exigency level grows year by year, and in this context, a new version of our training criteria, applicable to partner companies' workers, has been published, aligning its content with those applicable on a sectoral level, and seeking a higher level of training to perform the activity in a safe manner.

In the framework of a greater exigency, we obtained the Management's commitment to consolidate and increase the monitoring level as regards our partner companies, reaching a very high number of both preventive observations (+3,300) and safety inspections (+6,700).

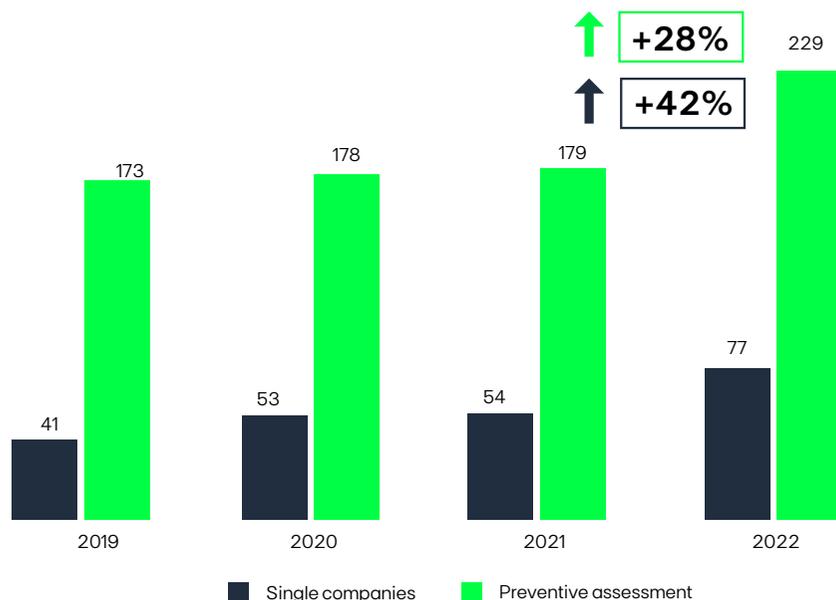


We keep consolidating the applicability of the preventive performance assessment model of our contractor companies, with the implementation of coercive measures for those showing a bad performance, being covered by contractual clauses.

This model was analysed by our Internal Audit Division, which detected opportunities for improvement and offered its corresponding recommendations, which will undoubtedly give it more soundness, if possible.

Increasing the percentage of monitored companies is one of the organisation's goals for next year.

### Development of the assessment number



During 2022, we have worked on the unification of the Occupational Health and Safety (OHS) Management System for the entire EDP Redes España, fulfilling the goals set in the Vega integration project, which involves all the EDP distributors in Spain.

It should also be highlighted the OHS Excellence Plan, with more than 40 actions and a high level of execution, as a reaction to minimise the likelihood of repeating accidents, which supplements the preventive activity planning defined at the beginning of the year.

In the Generation scope, several checks of thermal units were carried out, and the hydraulic units were checked and revamped without any accident, to which the preventive management carried out previously and during the check work itself certainly contributed.

In the Retail area, it should be noted, as it has been mentioned above, a greater exigence regarding the training requirements in the Coordination of Business Activities, as well as the parameterisation of new services, with the relevant required documentation, defining, even further, the needs in the Solar, Mobility, and Energy Services activities.

All the foregoing also forced to offer specific training to works managers to improve their knowledge and supervision of works at a height, which is critical in these activities..

During year 2022, the psychosocial risk assessment of the EDP Group employees in Spain has been completed. The work has comprised several stages:

- A quantitative stage including the workers' opinions about aspects related to psychosocial risks,
- Objective data provided by the company, and
- A qualitative stage by conducting personal, sampling, and key interviews with certain groups, conducted by specialist technicians, as well as visits to work centres

As regards the groups that showed a moderate risk, an improvement, cross-cutting, and specific action Plan was started to be designed for the different Business Units, which will be implemented throughout 2023.

In the implementation of the preventive measures, 3 key points will be considered:

- Legal compliance.
- The creation of appropriate, accurate, and clear preventive actions, guided by the assessor, with the participation of workers and their representatives, integrated into the daily management.
- The creation of reasonable preventive actions through specific meetings, which are accurate, reasonable, and agreed.

Relativamente a la Medicina del Trabajo, los objetivos planificados por la organización son los siguientes:

- 1) Getting to know the employees' health condition.
- 2) Establishing whether the detected pathology is related to the working conditions.
- 3) Promoting the employees' health and safety by applying measures and developing the activities necessary for the prevention of risks derived from work.

In order to achieve these goals, the first step is to analyse the assessment made by the technical area regarding hygiene, ergonomic, and psycho-social risks. This information is fundamental and indispensable to make an objective assessment of the risks to which the employee can be exposed, and it is supplemented by the employee's insight about their work station; this information is obtained through the labour medical history prepared by the medical service in charge of health monitoring.

With this information, the labour doctor establishes a specific protocol for each worker, using as benchmark the protocols published by the Ministry of Health.

These protocols are characterised by the highly developed labour medical history and the gathered symptoms related to body parts that can be affected the most in the performance of the work activity.

Once the results derived both from the medical examination and from the ancillary tests are obtained, a study based on epidemiological criteria is conducted on the detected pathologies, in order to investigate and analyse the possible relationships between the exposure to the occupational risks and the damage to health, and thus be able to propose measures aimed at improving the working conditions and environment.

This assessment takes into special consideration the risks that may affect pregnant employees or employees who have recently given birth, underaged people, and especially sensitive employees.

## COVID management

The strategy adopted from January to March 2022 was to take PCR every two weeks to all the personnel working onsite and, specifically, essential or critical staff in Offices, Control Rooms, or Breakdown Services. From 1 April, COVID tests ceased to be taken.

During last year 2022, 960 COVID tests were taken:

During the entire pandemic period, the EDP Medical Service has been in touch with the staff affected by COVID, monitoring them until they were able to resume their work.

# Playitsafe

The playitSAFE programme was launched at the end of 2021 as a global safety programme throughout the entire EDP Group, focused on the continuous improvement of the company and its procedures, paying special attention to the prevention of accidents. This project is part of *Changing Tomorrow Now... With You* and it aims to mobilise everyone in the organisation to reach the 'zero accident and no personal injury' target, which is a core element of the Occupational Health and Safety Management Policy.



In 2022, we invested in a closer and more transparent communication, reaching all the employees and strengthening our safety culture. We developed a global monthly campaign to talk about the main risks to which we are exposed in our professional environment. It was also the year in which we invested in training our team managers and executives, strengthening our conviction that you must practice what you preach.

### 1.<sup>a</sup> Global Meeting on Safety and Protection

Year 2022 was marked by the 1st global meeting that assembled all those involved in Safety, Protection, and Business Continuity. Defining the strategy for the next triennium, ensuring alignment among the different companies, creating the habit to share good practices, and fostering team spirit were the main goals of the initiative, which took place at the end of the year in Lisbon.

During the meeting, the following strategic pillars were discussed; commitment of the leaders to prevention and safety; behaviour, preventive activities, and learning from mistakes; rationalization, digitisation, and standardisation of prevention and safety processes in the Group; skills; communication and engagement; and prevention and safety management in contracting service suppliers.

#### Training in leadership

One of the goals of the playitSAFE programme is precisely to invest in the training of team managers and executive, so they practice what they preach and contribute to guarantee the safety of all employees. In this context, the members of the Executive Board of Directors participated in preventive safety observations.

#### Global monthly risk communication

Throughout last year, we developed a cross-cutting risk campaign in the entire Group, in which we address the following topics on a monthly basis: electric risk, field work, seasonal work, safety at the office, falls from a height, industrial work, and safety of service suppliers.

### World Day for Safety and Health at Work

On 28 April, EDP celebrates the World Day for Safety and Health at Work, a date that seeks to raise awareness about the importance of preventing occupational accidents and diseases on an international scale, with a global event about risk perception and road prevention.

## Crisis management

Nowadays, organisations face multiple adverse situations as a consequence of their international position, which exposes them further to the materialisation of disruptive events with a potentially high negative risk. On the other hand, being aware of this position allows to adopt a continuous state of alert and surveillance regarding the development of a global potential crisis with an impact on the organisation.

The EDP Group assumes crisis management as a strategic capacity that boosts its grounded and sustainable response to anomalous situations characterised by a high level of uncertainty and a potential negative impact on its commitments and strategic goals, which require urgent care and action to protect the life and physical integrity of people, the environment, the assets, and the reputation of the EDP Group.

The Crisis Management Plan of the EDP Group, of a cross-cutting and strategic nature and in line with standard BS 11200:2014, establishes the management structures, the governing principles for decision-making, and the practices that must be observed in the three stages of the crisis management process: before, during, and after the crisis. Along with the Crisis Management Plan, the Crisis Reporting Plan was also established, which supports the duties of the teams responsible for guaranteeing effective – transparent, coherent, and consistent – communication in these highly complex and volatile contexts.

Designed to provide a strategic response to crisis and pre-crisis situations of a diverse nature and with different levels of complexity, these plans are reflected in the Business Units and the Divisions of the Corporate Centre, where appropriate, ensuring the tactic and operating capacity to respond to the Crisis, and appropriately escalating it to the Executive Board of Directors and the Crisis Management Office of the EDP Group.

With the aim of strengthening its resilience, the EDP Group established its Business Continuity Management approach, also specifying the methodological parts to be observed, in line with the ISO standard 22301:2019, strengthening its capacity to detect and appropriately respond to the risks with a potential impact on its activity.

For this purpose, EDP has developed and counts on a robust set of human, procedural, and technological controls, and safeguard measures, which it has been improving, in

addition to recovery plans on an operating level, such as the Business Continuity Plans for priority processes/services, the Contingency Plans, or the Recovery Plans in case of Disaster, among others. These plans allow EDP to increase its capacity to continue providing its services on acceptable levels even in the case of incidents, emergencies, and disasters, thus achieving the assumed goals. In order to guarantee their efficacy and suitability, the plans are regularly subjected to exercises and drills, both internal and in collaboration with external relevant entities for the EDP supply chain.

We should also highlight the creation of the Security, Protection, and Business Continuity Unit in January 2022, which allowed to strategically reconsider the matters related to Crisis Management and Business Continuity, Safety (prevention and safety), and Protection (physical safety and due diligence), with a view to the holistic and cross-cutting management on a Group level of a number of related topics, whose complementarity and integrated approach brings benefits to EDP.

In order to strengthen this commitment, the EDP Group has defined the Security Policy, which establishes the governing principles all the Business Units and Corporate Centre departments must follow.

# Security Policy

## Commitment

In order to ensure the identification and mitigation of vulnerabilities and the minimisation of the impact of threats on EDP, and considering the following:

- decision-making on different levels (strategic, tactic, and operational) must include an assessment of the impact on the protection of physical assets, industrial premises, administrative buildings, information, and people
- carrying out an appropriate Security Management, based on continuous improvement, is also an essential mechanism for the success of an effective risk mitigation strategy
- a potential interruption of the activities of the company could affect the smoothness of the activities of the society into which the EDP Group is integrated
- lower resilience in the face of adversity could jeopardise the reputation of the EDP Group
- the top management's commitment to Security Management assumes a decisive role.



## Principles

### The EDP Group has adopted the following principles:

- To follow a Security by design approach in the decision-making process and on the different management levels
- To establish appropriate levels of protection and resilience to mitigate the impact of adverse events, in accordance with the adoption of international good practices and appropriate security management initiatives
- To promote the effective management of security risks, by conducting assessments that allow to identify the appropriate measures to mitigate them. Likewise, to keep records and report accidents and relevant events, as well as to systematically monitor the implementation of the protection requirements established under the applicable laws and regulations in each geographical area in which the EDP Group operates
- To ensure and define the establishing of appropriate channels for obtaining information, both internal and external, that allow to appropriately adopt measures to prevent security risks
- To promote the development of a security organisational culture, by raising awareness, educating, and training employees and external entities, that is, contractors, trade and business partners, etc., for the role they must perform in achieving the security goals
- To promote interaction with the competent official entities, fostering the sharing of good security practices and coordination of actions, thus contributing to the safeguarding of society
- To establish a permanent dialogue with the autonomous regions, the governments, and the main actors on security matters, acting in an ethical and responsible way.

### Cyber security

During year 2022, cybernetic security has been more important than ever, especially in the current context of the Ukrainian invasion and the new advances in artificial intelligence which are being used by cyber criminals. For this reason, training and information about cyber security aspects have been boosted. Every organisation is liable to suffer cyber-attacks, and it is necessary that everybody is aware about it to minimise the risk.

This year, in EDP we have launched an important resilience plan to improve cyber security in IT/OT environments. This plan includes a technology renovation, an optimisation of the architecture, and the implementation of a secure access system allowing indirect and remote access to critical systems. One of the main concerns of EDP España is the cyber security of its critical infrastructures. Any cybernetic attack could have serious consequences on the continuity of supply, which would cause cuts in the essential services we offer to citizens, companies, and the State. Thus, we have carried out a technology renovation to guarantee that all systems are updated and protected against cybernetic threats.

The optimisation of the infrastructure architecture has also been key in the EDP España resilience plan. This optimisation allows greater efficiency in the security management, which increases the company's capacity to detect and quickly respond to any cybernetic threat. Our stance has consisted in applying a deep defence verging on zero trust, so that we can be more efficient.

Besides, on a regulatory and legislative level, year 2022 was very demanding; for example, the European NIS 2 Directive provides new legal requirements about essential operators, especially affecting companies in the electricity sector. This means that EDP España must take additional measures to guarantee the cyber security of its critical infrastructures. Thanks to the time we have been working on this aspect, we have come so far as to be a benchmark company in the sector.

Lastly, the implementation of the secure access system has allowed to guarantee remote accessibility to EDP España systems, which is essential in this day and age in which teleworking has become a common practice. This system provides an additional security layer to EDP España systems, which is crucial to protect its operations and business continuity.

In conclusion, in 2022, cybernetic security has been more important than ever, both for us and for the electricity sector, and EDP has taken measures to improve its cyber security at all levels. This will allow our organisation to be prepared with respect to new legal requirements and has brought us resilience to guarantee the essential service we provide to society.

# ESG excellence and attractive returns

Exercising transparency on ESG matters is key to the position and reputation of EDP and EDP España as outstanding ESG leaders. Our main tool to channel transparency in ESG performance is this sustainability report, a document we prepare annually in the first quarter of the year, taking the exhaustive GRI international index as reference.

Following the recommendations of the best sustainability practices, we publish this report on our corporate website and send it to official organisations, such as the CSR Portal of the Ministry of Labour and Social Economy of the Government of Spain, the Global Compact Spanish Network, or the UN Global Compact. For wider spreading, we publish it in Spanish and English, and we report all the EDP España ESG information, previously validated and agreed, to be aggregated and published in reports and different sustainability indices of the Group (DJSI, CDP, WDP, Ethisphere, etc...).

Additionally, and in compliance with the current Spanish law on non-financial information, we annually prepare the non-financial information statements for EDP España and the companies part of the Redes platform, which are duly audited by an accredited external entity and made available to the competent administrations.

## Sustainability Indices

In EDP España, we continuously report on our ESG indicators as regards the sustainability indices in which we participate as a Group, additionally including the specific indices requested by each platform.

### GRESB

EDP Redes España currently participates in the GRESB ESG assessment index for infrastructure assets as regards 100% of its distribution assets, in which it has been recognised as a world leader for its environmental, social, and good governance performance in the September 2022 assessment related to year 2021, ranking first in the sector of electricity distribution companies (with a score of 99.6 out of the maximum 100 points). It also globally leads the Management category, competing against a total of 652 entities from all sectors, which proves its firm commitment to areas such as sustainable policies, risk assessment, and transparent stakeholder management.

Created in 2009, the purpose of the GRESB index is knowing the integration and development of the ESG criteria in companies. This index is used as an assessment and comparison tool to measure and rate the quality of infrastructures in aspects related to sustainability.

Since 2019, Viesgo has submitted to this assessment, always obtaining good results. 87/100 in 2019 and 96.4/100 in 2020. Following Viesgo's integration into EDP in 2021, and having submitted to the GRESB assessment as Viesgo Distribución, but showing the global integration of all ESG aspects of EDP, we reached 93 points.

Unlike other indices that assess isolated projects, GRESB measures the companies' performance in a comprehensive way:

- **Footprint of the asset:** energy efficiency actions and measures taken to monitor and decrease the environmental footprint of the asset.
- **Direct social impact:** relationship and impact of the entity on its stakeholders and direct impact of its activities on society.
- **Sustainability governance:** sustainability policies, procedures, and approach, on an entity or organisational level. Furthermore, it assesses other aspects such as commitment to stakeholders, policies, risks and opportunities, management, management of indicators and certifications, etc.

### EcoVadis

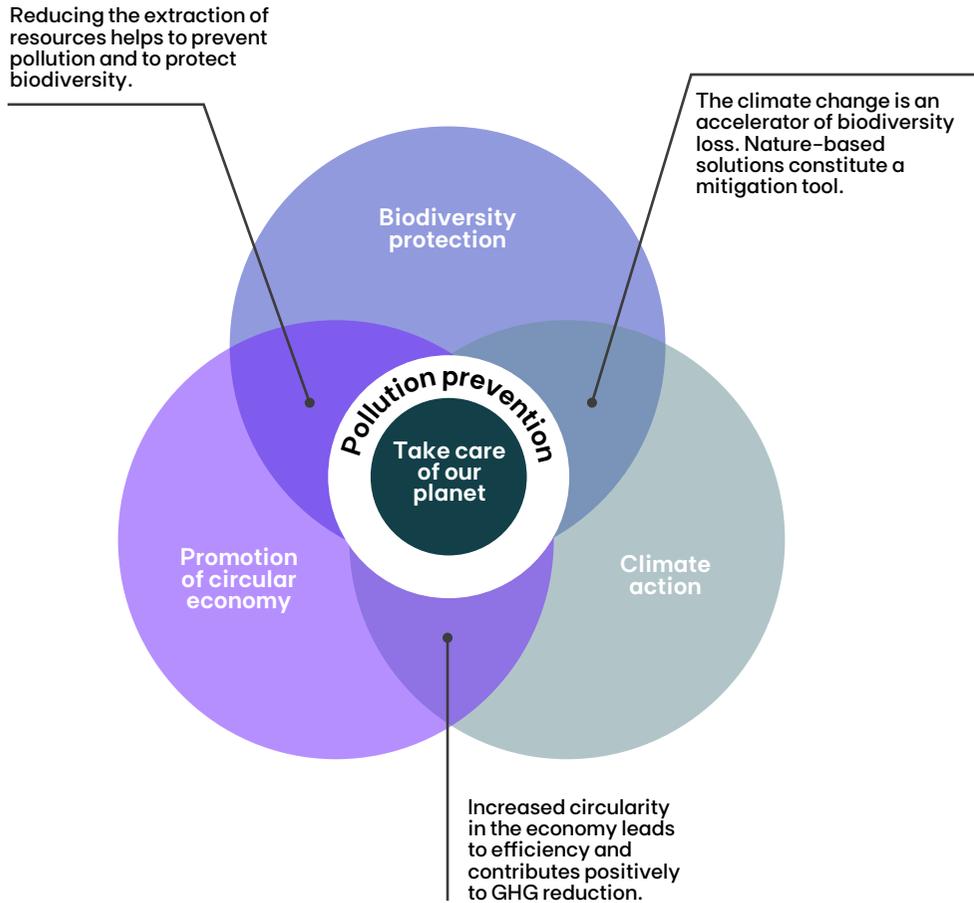
EcoVadis analyses the ESG performance from different points of view, such as environmental management, labour practices and human rights, corporate ethics, and sustainable procurement strategy. In its 2022 assessment, related to financial year 2021, EDP España has obtained a total of 85 points out of 100, which involves a 12-point increase with respect to the previous assessment, strengthening its position in the top 1% of comparable peers and consolidating itself as leader among utilities.

In the environmental area, the score obtained has been 90 points (+10 vs 2021); as regards labour practices and human rights, the result has been 90 points (+20 vs 2021); ethical management received 60 points (equal with respect to 2021); and the sustainable procurement reached a score of 80 points (+10 vs 2021). In the assessment, it is worthy of note that the total score has increased thanks to the analysis and local implementation of corporate policies and the advanced management system on environmental, labour relationships and human rights, and sustainable procurement matters.

Plus, EcoVadis monitors external compliance and risk databases, called 360° Watch, in which it did not detect any non-compliance. Therefore, EDP España, increasingly committed to sustainability, consolidates itself as one of the leading companies in the platform, improving its position with respect to other large companies.



## Environmental protection



At EDP we contribute to sustainable development by recognising the environment as a strategic management element and acting to prevent pollution and mitigate the impacts and consequences of our activity.

We have a continuously updated Environmental Policy that identifies the need to contribute to the prevention of pollution from all our activities and businesses through the effective protection of biodiversity, decarbonisation, efficient use of natural resources, and the promotion of a circular economy strategy.

In terms of environmental control, we have an Environmental Management System (EMS) in accordance with the UNE-EN ISO 14001:2015 standard that is reviewed annually with internal and external audits. This outlines all the measures adopted to minimise environmental risks and preventive measures and controls to avoid the commission of crimes against the environment. Our entire electricity generation and distribution activity has implemented the system in all facilities and activities.

The energy generation activity includes the production of electricity in combined cycle power plants, conventional thermal power plants, hydroelectric power plants and natural gas cogeneration plants. The environmental aspects checked include fuel consumption, the use of chemical products, greenhouse gas emissions, air pollutant emissions and aspects of water consumption and effluent discharge, which are monitored and controlled through a specific environmental plan.

The electricity distribution activity includes project management and construction of electricity distribution facilities, as well as their maintenance. Aspects monitored take into account the carbon footprint of the activity and the impacts on birds and flora. To reduce these impacts, investments are continuously made to minimise them, which amounted to almost 44 million euros in 2022, without taking into account the costs of CO<sub>2</sub> emission allowances.

Environmental management is coordinated around the three major strategies established by the EDP Group in its vision for the 2030 Agenda: climate change, circular economy, and biodiversity protection; while systematically targeting pollution prevention to achieve:

- Environmental protection by using prevention
- Mitigation of direct and indirect environmental impacts
- Compliance with legislation
- Communication of environmental information to stakeholders
- Improving environmental performance in accordance with established environmental objectives

At EDP España, the environmental strategy, the implementation of the policy, and the certified Environmental Management System are the responsibility of the Environment, Sustainability, Innovation, and Climate Change Division (DASIC). Each platform does in addition have Environmental Coordinators who work with the DASIC in daily activities and formally through periodic working groups.

The Environment, Quality, and Stakeholder Management Committees meet jointly at least twice a year, where the coordinators, together with the DASIC and the managers of each platform, carry out the environmental monitoring of the different activities and facilities.

As well as reporting monthly to the Management Committee, three annual and special meetings are held with Senior Management for a detailed review of environmental management in the organisation, with a special annual meeting being held at the end.

In accordance with this management scheme, all environmental aspects of the business platforms in Spain are assessed and managed. As part of a commitment to transparency, they are also published in the corresponding performance reports in the publication sections of the EDP corporate website corresponding to the environmental performance of the Generation and Customer Platforms (<https://espana.edp.com/es/sostenibilidad/publicaciones-0>) and the Networks Platform. (<https://www.eredesdistribucion.es/es/sostenibilidad/>).

## Circular economy

Because we need a profound change in the way we companies make decisions in order to address the detrimental effects on nature and ecosystems, it is necessary to recognise the value of nature and its limits in line with the United Nations, and to maintain the commitment to protect, restore, and promote the sustainable use of terrestrial ecosystems and biodiversity, which are part of our natural capital strategy.

A fundamental factor on this path is a circular economy that brings together the series of processes and technical solutions that optimise both the consumption and use of the resources and equipment necessary to offer products and services that can minimise the loss of materials and energy in all our businesses.

The European Union's Circular Economy action plan developed various initiatives in 2021, including those related to the eco-design of products and the empowerment of consumers within this green transition. A public consultation has also been opened regarding the regulation of critical raw materials that are essential to achieve the objectives of the Green Deal and to diversify our supply, reinforce circularity, and support research and innovation.

EDP España actively participates in the Technical Committee for Standardisation on Circular Economy, created as a mirror of the ISO and promoting advances in circularity, among other things.

### Ecodesign

The proposal for a new Ecodesign for Sustainable Products Regulation, published on 30 March 2022, is the cornerstone of the Commission's approach to more sustainable and circular products, based on the current Ecodesign directive affecting energy-related products. The aim is to set Ecodesign requirements for different product families in order to improve their circularity, energy efficiency, and other aspects of environmental sustainability, such as those related to:

- Their durability, reusability, upgradability, and repairability
- The presence of substances that inhibit circularity
- Energy and resource efficiency

- Recycled content
- Remanufacturing and recycling
- Carbon and environmental footprints
- Information requirements, including a digital product passport

The digital product passport will provide information on environmental sustainability. It should help consumers and businesses make informed choices when purchasing products, facilitate repairs and recycling and improve transparency about the life-cycle impacts of products on the environment.

#### Life-cycle approach

Since 2020, the Commission has several times postponed the publication of a legislative proposal on the justification of eco-declarations, and this is expected by the end of 2022. This initiative will require companies to substantiate their claims on the environmental footprint of their products and services.

The aim is to reduce the risk of false ecological claims ('greenwashing') by requiring companies to use a standard methodology to assess their impact on the environment, based on the environmental footprint of products and organisations in the European Union and by taking into account the measurement of 16 environmental impacts throughout their life cycle. In line with this, EDP España concluded the REEF Project in 2022, carried out together with Ihobe. This is a project aimed at laying the foundations in Europe on how to calculate the environmental footprint of an organisation belonging to the electricity sector. We have as a result obtained rules that will be the starting point for future European methodologies, and which will ensure the alignment of the current environmental footprint calculation for our different businesses with the future guidelines derived from European regulations.

Based on our new methodology, we have identified the critical raw materials associated with the operation of the different businesses, in order to prioritise innovation and circularity actions related to them.

#### Waste and Contaminated Soil Law

The main objectives of the new Law 7/2022, Waste and Contaminated Soil for a Circular Economy are to establish the principles of the circular economy through basic legislation on waste in order to contribute to the fight against climate change and to protect the marine environment.

Application of the hierarchy principle has been further reinforced in this way through the mandatory use of economic instruments, waste prevention also being strengthened by including measures to contribute to the Sustainable Development Goals related to food waste and marine litter. Targets in preparing for reuse and the recycling of municipal waste have also been increased in the medium and long term, as well as making new separate collection mandatory for, among other things, bio-waste, textile waste and hazardous household waste.

The new Law also establishes tax measures to encourage the circular economy and develops two economic instruments within the waste framework with the aim of reducing the generation of waste and improving the management of waste generation that cannot be avoided. This has been done by means of taxation on treatment situated in lower positions of the waste hierarchy (landfill, incineration, and co-incineration).

#### Strategic Circular Economy Project for Economic Recovery and Transformation (PERTE)

Approved in March 2022, it has established funding of 492 million euros and has mobilised resources in excess of 1.2 billion until 2026, focusing on three fundamental objectives for the advancement of the circular economy in Spanish industry: promoting the eco-design of products to make them more durable and repairable from their very origin; the improvement of waste management through treatment plants that increase reuse, recycling, and the incorporation of recovered raw materials in the production of new goods; and the boosting of digitisation linked to both objectives, which will improve the competitiveness and innovation of the industrial fabric in any sector.

This Plan will help to meet the objectives contained in the Spanish Circular Economy Strategy for the year 2030.

#### Circular Economy Strategy: Close the Loop

In 2022 the EDP Group supported its Circular Economy strategy within the company's new ESG strategy, with 12 main initiatives having been defined as part of this, including Close the Loop, with the aim of moving towards a more circular organisation, boosting efficiency in the use of resources, and promoting new circular business models.

This initiative comprises four areas of action focused on monitoring, requirements for suppliers, training and internal awareness and the implementation of pilot projects that can be scaled to the rest of the company.

EDP España has taken the lead with Circumetric, the line of action related to monitoring that allows us to assess the circularity of actions and to implement and prioritise those that contribute most to circularity and sustainability. It contains a circularity questionnaire that has to be completed with specific details for each initiative or project and which does at the same time consider the contribution of these actions to the Sustainable Development Goals (SDGs), thus aligning the implementation of circular economy with the 2030 Agenda.

An MVP was launched in 2022 with the Digital Unit in order to turn this tool into an internal application available for all platforms and regions where EDP is present. The application, already developed, is now subject to validation at the Close the Loop working group. In this same context, we have also created some methodological guidelines for all regions in order to homogenise the detection of potential initiatives and projects in the different areas of action in our strategy.

# “Circumetric” recognised as best project in the company category in the European Week for Waste Reduction

Circumetric is the tool developed by EDP to measure circularity and the impact of our projects on the SDGs, and COGERSA has awarded it a prize in the European Week for Waste Reduction in the Principality of Asturias. The prize stands out the originality of the initiative and its impact, as well as ‘the company commitment to a new business management model based on circular economy and the Sustainable Development Goals.’

Circumetric allows to obtain independent results on circularity and sustainability for each assessed project or activity. Circularity is shown in a spider graph which represents the saving of resources (materials, energy, and water), the useful life increase, and the potential to facility and promote other related circular initiatives. The contribution to sustainability is measured according to their impact on the SDGs. Lastly, both results are combined in a single score, which goes from letter A (more circular) to letter D (less circular).



# Ellen MacArthur, Princess of Asturias Awardee for International Cooperation, debates about circular economy in EDP

Ellen MacArthur, awarded with the Princess of Asturias Prize for International Cooperation in 2022, for her social entrepreneurship and her fight to change production and consumption habits in the global economy, participated in a sectoral meeting with company representatives, institutions, and the Public Administration, in the EDP headquarters in Oviedo, in which it was emphasised the need for a shift towards a more sustainable production.

The awardee was received by Ana Paula Marques, CEO of EDP España, and she explained to a devoted audience, in a plain and motivating way, her ideas about how to accelerate the transition to a circular economy.

In a private meeting, Ellen MacArthur was able to learn first-hand about the EDP circular economy strategy and the Circumetric tool, and it was noted how both organisations (Ellen MacArthur Foundation and EDP) share the same purpose, in line with the philosophy she

and her foundation promote around the world: the optimisation of resources to promote a better tomorrow for all.

After the sectoral event, in the Fábrica de La Vega premises in Oviedo, The Princess of Asturias Foundation organised an exhibition space with enterprising projects related to the protection of the environment and the promotion of circularity. In this space, called FabLab, Ellen MacArthur had the chance to know the ENTAMA programme and one of its main members, the entamador (entrepreneur) Adrián Flórez and his project 'Floreziendo', an initiative related to the return to the rural world in an area with a high risk of depopulation, enhancing the ethnographic heritage and the natural resources, in an area as special as the Muniellos nature reserve in Asturias, one of the best preserved forests in Europe.

Certainly, a project with an impact on the territory that exemplifies the EDP commitment to its social and territorial environment.



## Natural Capital and Biodiversity

In their meeting in July 2022, the G7 leaders acknowledged that climate crisis, biodiversity, and pollution are inseparable and must be urgently and jointly tackled. Thus, they have committed to substantially increase the funding allocated to nature until 2050. Acknowledging that biodiversity is decreasing at a faster rate than in any other age in human history, the G7 reaffirmed its commitment to stop and reverse the biodiversity loss, reverse the degradation of the land and the loss of forests, and protect and preserve at least 30% of the land and sea by 2030. Furthermore, they have stressed the urgency to adopt an ambitious and effective Global Biodiversity Framework in COP15 of the Convention on Biological Diversity which was held in Montreal in December 2022.

### Convention on Biological Diversity

The United Nations Environment Programme (UNEP) assembled, in November 1988, a task force comprised by biological diversity experts to discuss the need to create an international convention on biological diversity. The results were favourable and, in May 1989, the preparation of an international legal instrument for biodiversity conservation and sustainable use started and was concluded in 22 May 1992, with the Convention on Biological Diversity (CBD) text. This Convention entered into force in 1993 with the agreement of 195 national governments and the European Union. Spain signed the Convention in 1992 and ratified it in 1993. The three main goals of the Convention are: conservation of biological diversity, sustainable use of its components, and fair and equitable sharing of benefits arising from the use of energy resources.

During the COP (Conference of the Parties) held in 2010 in Nagoya (Japan), the Strategic Plan for Biodiversity for the 2011–2020 period was approved as a ten-year framework for action for all countries and signatories of the agreement to stop the loss of diversity and ensure the provision of essential ecosystem services to people. This plan, known as the Aichi Goals, did not generate the expected result. Accordingly, at the current COP, i.e., number 15, the first part of which was held in October 2021 and which has continued in December 2022, is aimed at establishing new goals for 2050 and targets for 2030: **to stop biodiversity loss by 2023 and to have it fully recovered by 2050**. This goal is known as **Positive Nature**.

The pursued long-term goals relate to the improved integrity of all ecosystems; appreciating, maintaining or enhancing nature's contributions to people through conservation and sustainable use; the fair and equitable distribution of the benefits from the utilisation of energy resources; and improving financing. In order to achieve them, urgent action targets by 2030 have been defined, some of which affect the business sector, Target 15 being worthy of note: **“All companies, regardless of their size and sector, must assess and report on their reliance and impacts on biodiversity, from a local to a global perspective, and progressively reduce them, at least by half”**.

During the two weeks in which the COP was held (from 7 to 19 December), this new global post-2020 biodiversity framework has been approved, including four goals by 2050 and 23 intermediate targets by 2030, which entail relevant commitments:

- 30% effective conservation of land areas, inland waters, coastal areas, and oceans by 2030
- Full or undergoing restoration of at least 30% of degraded ecosystems
- To bring the loss of areas of high biodiversity importance, including ecosystems of high ecological integrity, close to zero by 2030
- To reduce by half excess nutrients and the overall risk from pesticides and highly hazardous chemicals

The agreement reached is known as the **Kunming–Montreal Global Biodiversity Framework**.

Another target to be highlighted is the mobilisation, by the end of this decade, of at least 200,000 dollars per year to finance the preservation of biodiversity. Furthermore, developed countries have signed the donation of at least 20,000 million dollars per year through international financial flows towards impoverish countries, and to raise it to 30,000 million dollars per year by 2030.

### European Initiatives in Biodiversity

In the European Green Deal context, the European Commission has included the Sustainable Finances Action Plan and the 2030 Biodiversity Strategy, which is in turn Europe's contribution to the CBD post 2020 international commitment.

The main objectives of this Strategy, approved in May 2020, are the conservation and restoration of ecosystems and the implementation of new environmental governance systems. Thus, the protection of 30% of the surface of Europe is proposed for 2030. Nevertheless, the level of conservation should not be homogeneous in all territories or all spaces. In fact, this strategy considers that 10% of the whole protected area should be allocated to strict conservation areas, which means designating areas in which human activity is excluded as much as possible.

As a key part of this strategy, in 2022 the European Commission proposed a Nature Restoration Law, in which the general goal of restoring land and sea areas in the European Union is combined with other related goals of restoring specific habitats and species. Two years after the entry into force of this law, the Member States shall submit their national restoration plans to be monitoring and report their progress.

### **Business risks related to biodiversity**

The business community is progressively discovering that the risks arising from the incorrect management of nature go beyond the impacts they generate. The way in which companies' operations depend on natural assets or the fact that the loss of nature causes disturbances in society and in the markets in which they operate and can manifest itself as physical and market risks are material issues for companies. Companies can no longer just provide a description of the risks (impacts, dependencies) related to their operations, but society also demands to know their consequences. Thus, in order to manage them, we should be able to quantify them (economically, to the extent possible) and identify other related risks by providing comprehensive analyses that also incorporate social aspects.

The Sustainable Finance Action Plan of the European Commission includes, among its actions, the promotion of natural capital assessment and the disclosure of aspects related thereto. In order to meet these requirements, companies need to be equipped out with tools and methods that provide them with the necessary rigorous and certain information, and natural capital approaches are a very useful tool in this regard. The natural capital approach not only identifies, measures, and assesses the impact the business activities have on natural goods and services, but it also identifies, measures, and assesses the dependences the business operations obtain therefrom.

As for spreading, the Task Force for Nature-related Financial Disclosures (TNFD) has been created. It is expected that in 2023 it will provide a framework for organisations to report and act on nature-related risks, so that financial flows are directed towards the actions generating positive results in nature.

### **Natural Capital and Biodiversity strategy: Space for Nature**

During 2022, EDP España has continued developing different initiatives related to natural capital and biodiversity, framed in the 12 lines that constitute the current ESG plan of the EDP Group: Space for Nature.

The EDP Group 's ambition is to reach a positive impact on nature by 2050 in all the new projects with significant residual effects. The strategy to achieve this positive impact by 2025 consists of 4 steps:

#### **1. Prevent**

During 2022, environmental impact studies have been developed, both regarding new projects of the generation platform and the EDP Redes España installations, which, since they are adjacent to protected areas, are subject to environmental assessment by the competent body. The development of these studies ensures choosing the technical solutions with a lesser environmental impact and the compliance with the minimisation measures contained in the corresponding environmental impact statements.

#### **2. Measure**

In 2019, a natural capital task force was set up in the Spanish energy sector in which we participate. The purpose of the task force was to identify the impacts and dependences of the different energy business lines on natural capital, based on the Natural Capital Protocol, an international framework of reference. As a result of this work, a guideline document was published in November 2022, gathering the conclusions for all activities in the energy sector and providing the basis for future work on the valuation of natural capital in the area of our facilities.

In parallel, in 2021, EDP España developed a quick assessment application for the environmental impacts caused by electricity distribution lines on habitats, species, and ecosystem services. A potential tool to design the plan of the new lines and minimise their impact on nature. Besides, this tool has been applied to the set of existing lines in the Grid Platform in Asturias, and it is expected to extend it in 2023 to the other autonomous regions in which our company is present. In each Asturian municipality, the areas that most affect habitats, species, and services have been detected, which will allow to prioritise the biodiversity actions that will allow to offset these impacts.

### 3. Acting

Our strategy envisages actions to mitigate the impacts on natural capital through minimisation, restoration, or offsetting measures. Among these actions, those mainly promoted are Nature-Based Solutions, defined by the International Union for Conservation of Nature (IUCN) as “actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously benefiting people and nature”.

#### *Restoration of the ash landfill of the Aboño thermal power plant (Muniello)*

The “**Hectárea Natura**” project, defined by EDP España in 2022, is a case of nature-based solutions. The ash and slag landfill of the Aboño thermal power plant is surrounded by a eucalyptus plantation. We are waiting for the corresponding permits to fell these trees, which are causing damage due to collapses onto neighbouring plots, and repopulate the area with indigenous tree species, which will allow to restore the ecosystem services of the surrounding area and integrate this project as part of the sealing of the landfill once the Aboño power plant stops burning coal.

#### *White-tailed eagle project*

Additionally, other Biodiversity projects have been developed which, although they do not fit in this nature-based solution classification, they allow to contribute to the Positive Nature by 2025 goal defined by the EDP Group.

The white-tailed eagle is a species included in the list of extinguished species in the Spanish natural environment. In May 2021, a project was launched aimed at recovering the presence of the white-tailed eagle in the Cantabrian coast, by means of an experimental reintroduction based on the release of chicks from a Norwegian population. The project benefits from the support and collaboration of the Ministry for the Ecological Transition and the Demographic Challenge, the Tragsatec Group, the Government of the Principality of Asturias, the Government of Cantabria, the Norwegian Environment Agency, the Ribadedeva Town Council, and EDP España, having GREFA (Group for Indigenous Fauna Rehabilitation) as the entity responsible for the technical execution of the project.

In July 2022, a new group of chicks was released. In both stages, EDP España has participated by adapting the grid installations in the surroundings of the area where the white-tailed eagles have been released. Since it is a large bird (up to 2.5 m), the power lines have been equipped out with anti-electrocution and anti-shock devices, including measures that go way beyond those required by the current laws on bird and fauna protection. Still, there have been some electrocutions outside the area defined as critical, and we have proceeded to adjust the affected supports and met with GREFA to agree on the launch of an innovation pilot project concerning a device that detects birds that come near the supports and keep them off by emitting a specific sound. Depending on the results of these pilot tests, it will be decided to extend the use of these devices to areas with a larger white-tailed eagle colony.

### 4. Monitoring

Standardisation plays a fundamental role to consolidate the Natural Capital concept. In 2021 a new technical standardisation committee (TSC) was created on a national level to monitor the works carried out in the international scope (ISO/TC 331 “Biodiversity”). EDP España has joined this technical committee as a member to be able to adapt its natural capital and biodiversity progress to the standards that may be defined, as regards terminology, measurement, monitoring, and assessment of natural capital.

## Climate Change

EDP has assumed a leadership role in the energy transition with some ambitious commitments that have been expressed by abandoning coal production in 2025, being 100% renewable in 2030 and being Net-zero in 2040, ahead of the objectives set out in the Paris Agreement.

We also conveyed our position in the international framework of the Conference of the Parties (COP27), held in Egypt from 6-18 November 2022, with active participation in different forums. Our participation consisted in the contribution of various practical cases implemented and in sharing our point of view regarding the technological challenges of the energy transition. Internally, all available channels were activated to share progress with the entire organisation and there were numerous communications in the ESG Community and other channels about the COP, as well as in the EDPon itself.

The geographic and socio-political environment in which the COP took place largely conditioned the agenda of the negotiations. Firstly, it was a COP that took place in Africa, a continent that is suffering severely from the effects of climate change, and what was to be the main topic was included on the agenda just before the start of the summit: the negotiation of compensation for losses and damages to the most disadvantaged countries.

Secondly, the pressure of the war in Ukraine and all the economic tensions arising from it made it very difficult to make commitments due to the possible repercussions of a worsening economic situation. Finally, the geographical proximity of the oil-producing countries was reflected in the strong presence of their lobbies during the negotiations.

The COP can be summarised with respect to two main themes. On the one hand, the creation of a fund to provide financial assistance to the most disadvantaged countries in the face of the effects of climate change. This is a historic demand by the Group of 77 (G77), driven by China, which managed to obtain a commitment by the developed countries to define and coordinate the necessary means to make it a reality during the coming year. Although the establishment of the fund does not imply the recognition of any kind of guilt and closes the door to claims for compensation by the victims, there are so many issues to be clarified, such as the parties involved and the recipients of the funds, that it is not likely to be solved in the short term.

The second of the COP's fundamental points was the survival of the 1.5°C goal. Despite the urgent need to meet the target and to certify the commitments and obligations to comply with it, this target was seriously compromised. The lack of progress on other fronts and strong pressure from the oil lobbies to relax this commitment to 2°C forced the European Union to bang on the table and to threaten to walk out of the negotiations if the 1.5°C target was touched. In fact, the EU reversed its emissions reduction target and pledged to increase its reduction commitment to 57% by 2030, an increase of 2 points over the target set so far.

The main agreements achieved in Glasgow have in general been maintained, but there has been no significant progress in terms of their materialisation. In fact, only 34 of the 194 countries party to the agreement met the target set in Glasgow on emissions reductions (NDCs). What is still valid is the need to make concrete progress since, according to the scientific community, it seems that by the end of 2022 the temperature increase will be around 1.15°C, so that if the pace of emission reductions is not increased, the 1.5°C target will be practically unattainable.

As for the European Union, it sent, in December 2020, the commitments that apply to all member states aligned with the Paris Agreement and which are still in force for Spain, which has not revised its NDCs since then. The current emissions reduction pathway does not seem to be aligned with the targets, but it is early to draw conclusions as the effects of the post-pandemic crisis, as well as the energy crisis, do not allow for a clear reading. The advance report of the National Inventory of GHG Emissions for 2021 estimates gross emissions of 288.6 million tons of CO<sub>2</sub> equivalent, which represents an increase over the previous year of around 5.1%. The overall emissions level is -0.5% compared to 1990 and -34.7% compared to 2005.

In a context of economic recovery, emissions have increased in line with the GDP. They remain slightly below the 1990 level and are 8% lower than in 2019. GHG emissions are expected to increase by 13.9 million tons compared to 2020, mainly due to an increase in emissions from the transport sector (with an increase of 14%) and due to a lesser extent to increases in the manufacturing, construction, and metallurgy industries. Emissions from electricity generation have increased by only 0.4% compared to 2020, with a 3.4% increase in generation, mainly due to the increase in production from renewable sources that amounted to 46.7% of the total in 2021.

GHG emissions from sectors subject to the EU-ETS, which account for 31.8% of the total, increased by 3% and by 5.8% from diffuse sectors. The subsector with the greatest weight in GHG emissions continues to be transport with 29.3%, followed by industry with 20.7%, agriculture and livestock with 13.4% and electricity generation with 11.3%.

### Carbon footprint

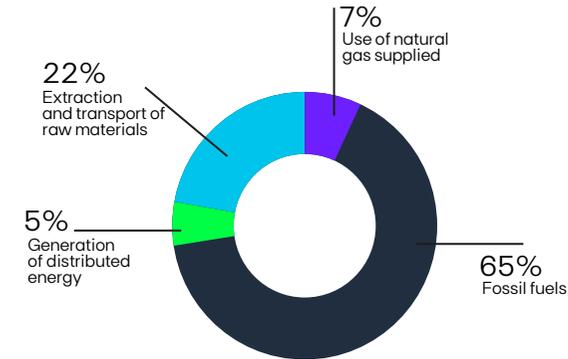
The calculation of the carbon footprint and its external verification establishes the reliance framework for the assessment of the fulfilment of the set goals.

The EDP Group's commitments to reduce GHG emissions date back to year 2015. This is why, as first step, the EDP España footprint was calculated for year 2015, gathering as much information as possible to build a comparable footprint to the current structure of the company, including the emissions derived from Viesgo assets. Subsequently, the necessary information was gathered to be able to calculate the carbon footprint of the following years until 2020, the calculation of which was verified externally, which allowed, for the first time, to proceed to record the carbon footprint both in the MITERD (Ministry for the Ecological Transition and the Demographic Challenge) register and in the Principality of Asturias register intended for such same purpose.

In the third quarter of 2022, the carbon footprint for 2021 corresponding to EDP España has been verified.

99% of the GHG emissions in EDP España correspond to the emissions derived from using fossil fuels (coal and natural gas) in the generation plants, to those derived from the extraction and transport of the fossil fuels uses, to the use of natural gas supplied to our customers, and, lastly, to the emissions derived from the generation of energy circulating through the distribution grid. The rest of categories, as a whole, represent less than 1% of its carbon footprint.

### % Greenhouse gas emissions



The main EDP España carbon footprint data in 2022 are shown below, classified according to their scope:

	Category	Total emissions per emission source (t CO <sub>2</sub> e)	Total emissions per scope (t CO <sub>2</sub> e)
Scope 1	Fossil fuels	9,405,860	9,409,110
	Fluorinated gas leakage	252	
	Sulphur hexafluoride leakage	1,596	
Scope 2	Vehicle fleet	1,402	20,736
	Distribution losses	11,730	
	Electricity consumption	9,006	
Scope 3	Generation of distributed energy	229,723	2,961,366
	Generation of retailed energy	0	
	Transport and distribution losses	33,625	
	Waste	10,797	
	Water consumption	391	
	Transport of raw materials	44,910	
	Business trips	920	
	Commute	820	
	Raw materials	1,976,912	
	Use of natural gas supplied	663,270	
<b>Total</b>		<b>12,391,212</b>	<b>12,391,212</b>

The **Scope 1** or direct emissions are those generated from the direct effect of the EDP España activity. In this case, they are mainly due to the consumption of fossil fuels in electricity generation, and they are responsible for 65% of the carbon footprint. Initiatives such as the decarbonisation of the generation park, the electrification of the fleet, or the search of alternatives to the use of fluorinated gases or SF6 in the technical equipment will contribute to reduce this scope.

The **Scope 2** emissions are the indirect emissions related to the electricity purchased and consumed by the organisation. In this chapter, the distribution grid losses are the main pitfall. Even though some measures can be adopted to reduce these losses, they are inherent to the activity and will be reduced only to the extent to which the generation system is decarbonised.

Lastly, **Scope 3** emissions include indirect emissions affecting the activity, both “upstream” and “downstream”. In this section, the emissions derived from the extraction and transport of raw materials are the main contributors to emissions, but those derived from the generation of distributed energy in the EDP España grid or those derived from the use of natural gas supplied to our customers are also very relevant. In order to reduce them, progress needs to be made in the decarbonisation of the system, as concerns both us and our customers and suppliers, who must progress in the same emission reduction path.

For all the years in which the carbon footprint has been calculated for EDP España, the footprint has been calculated for all the platforms as an independent business; thus, such calculation is available for EDP Generación, EDP Redes España, and EDP Clientes. Although the registration of the carbon footprint is only provided on an EDP España level, the externally verified footprint certificates are available for each of the businesses.

### Mitigation of climate change

The calculation of the carbon footprint allows to identify the sources that contribute to the GHG emissions of an organisation, and the Mitigation Plan gathers the actions that can be carried out to reduce them. During 2022, we have worked on the first Mitigation Plan of EDP Redes España with a detailed analysis of the categories of the carbon footprint and the identification and quantification of actions that can be implemented for its reduction to contribute to the EDP Group ambition to be Net Zero for overall emissions by 2040.

We have identified initiatives in areas as diverse as the contracting of electricity with guarantee of origin, the replacement of the vehicle fleet, prioritising electric or plug-in vehicles, the optimisation of Redes assets to reduce losses, or the installation of photovoltaics panels in substations and work centres to reduce the electricity consumption.

At a later stage, further initiatives will be incorporated, such as the implementation of energy efficiency measures in work centres or substations, or the reduction of SF6 leakages, monitoring in real time their emissions, or replacing SF6 assets by others free from greenhouse gases.

The Mitigation Plan and the initiatives contained therein will be monitored and the fulfilment of the GHG emission targets set by EDP Redes España will be verified. Based on the information available in 2023, progress will be made in the preparation of the Mitigation Plan for the other platforms in Spain.

### Offsetting of non-reduced emissions

Despite the implementation of the Mitigation Plans, not all the Scope 1 and 2 emissions may be reduced by 2030. For example, grid losses are not going to disappear until the system is fully decarbonised in Spain; thus, solutions need to be found for offsetting them. This offsetting may be achieved in two ways: the first one, by purchasing allowances in the market that allow us to cancel such residual emissions, or, alternatively, by searching solutions that allow us to autonomously generate those allowances.

In EDP España, our main line of work consists of nature-based solutions, such as the ‘Hectárea Zero’ project included in the Adaptation Plan of the platforms in Spain, the first goal of which is protecting our assets against the Climate Change action, which entails the additional advantage of being a reforestation project, which allows us to generate allowances to offset residual emissions.

In Spain, there are national and regional registers for carbon footprint and CO<sub>2</sub> absorption projects. At present, only reforestation projects can be registered in this section, which, subject to minimum required conditions related to planted area, potential height of trees, or permanence of the forest, allow to estimate the CO<sub>2</sub> absorptions for the duration of the project and use them for offsetting the carbon footprint emissions. There is even the

possibility of obtaining ex ante up to 20% of the estimated capture for the life of the plantation in order to offset from the moment in which the plantation is registered.

In the pilot experience carried out in the Tanes reservoir, 24 Ha have been replanted with more than 30,000 birch trees, which involves a CO<sub>2</sub> capture around 12,000 in 30 years. This pilot project has allowed to validate the solution, achieving very competitive costs per ton of captured CO<sub>2</sub> (around 6 €/tCO<sub>2</sub>) compared to the alternative purchase of allowances in the market. Thus, Hectárea Zero is confirmed as a highly effective alternative for offsetting and achieving our carbon neutrality goals. Work is being done to provide Hectárea Zero with sufficient importance and incorporate it into our business line, and the possibility of applying for some kind of funding line in the European Union framework is being considered.

### **Adaptation to climate change**

2022 is our fourth year working on the adaptation to climate change. From the first action plan defined in 2019, we have been reviewing and improving it, adjusting it to each of our platforms.

In the Redes platform, they continued the work performed after the review of the initial plan, resulting in the second EDP España adaptation to climate change plan (PACC) for the 2021-2025 period, with the creation of an Adaptation Task Force by EDP Redes España and the DASIC to detail the Plan in the Redes platform. Such Task Force has reviewed the effects that different climate variables are causing on our assets. Additionally, this work has been aligned with another project launched by EDP DGR, which allowed to know, within the EDP taxonomy of climate risks, the financial impacts that could be faced with the different climate scenarios from the perspective of the Task-force on Climate related Financial Disclosure (TCFD).

All this has allowed to identify and prioritise the actions that need to be carried out to improve the resilience of the Redes assets, which will minimise climate risks and their future financial impacts. These potential actions are added to the other investment proposals whose feasibility will be studied by the Investment Committee, and which will contribute to improve the CAPEX of the Distribution activity.

As regards the Generation platform, on the one side, the existing PACC2 of EDP España has been adjusted to the Generation platform in EDP España. In parallel, EDP had prepared the Adaptation Plan for the assets of the platform in Portugal. In coordination with the DSS, it was decided to prepare what will be the first Adaptation Plan for the Generation platform from an Iberian perspective, including the best ideas of each geographical area and creating, whenever possible, joint task forces to share solutions to common problems. In 2023, progress will be made in the identification of the assets affected by different climate variables and in the assessment and prioritisation of the actions to be carried out to improve the resilience in the Generation assets.

Among all the actions implemented within the adaptation plan, special mentions should be made of the Hectárea Zero project. A nature-based solution that, by planting trees, fixates hillsides without vegetation and prevents damage to the EDP España assets such as reservoirs, power plants, or distribution lines resulted from land sliding or rainwater dragging. The pilot project carried out in the area of the Tanes hydraulic plant has not only proved its feasibility as an adaptation measure, but it has also identified additional advantages, such as being provided with CO<sub>2</sub> allowances obtained for emission offsetting, a positive effect on local communities, thanks to the use of local companies and the town councils' commitment to the plantation, or the positive effect on the conservation of natural capital, and thus, on biodiversity.

### **TCFD recommendations**

The G20 Financial Stability Board (FSB) created in 2015 the TCFD, a task force to incentivise companies that report about climate change-related risks, how they impact on the company's activity and how they are managed to reduced their potential impacts. During 2022, a project was carried out in the framework of the EDP Redes España activity, in accordance with the guidelines set by the TCFD, to identify our situation as regards climate risk management and define the initiatives to be carried out to improve our management.



### COP27 Egypt

- Although with difficulties, the 1.5 °C commitment has been maintained. No progress has been made as regards materialisation.
- One of the goals set in Glasgow, the review of the national emission reduction was only met by 34 out of 194 countries.
- It was approved to create a fund to financially help the most underprivileged countries against the effects of climate change, and it will have to be specified in the next COP.

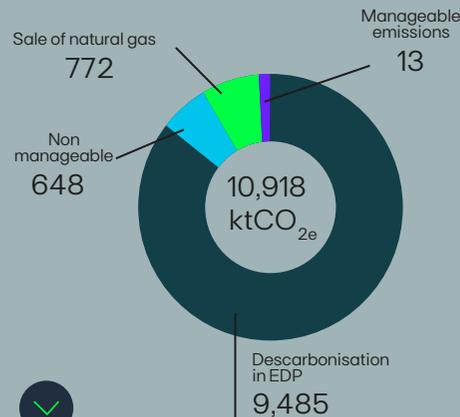


Next COP28 in United Arab Emirates on 30 November to 12 December 2023.



### CO<sub>2</sub> footprint and Mitigation Plan

- 2021 footprint externally verified and in the process of being registered on a national and regional level.



2022 Mitigation Plan in EDP Redes España defined.  
2023 Mitigation Plan in the Generation platform.



### Adaptation Plans and TCFD

- In 2019, EDP España prepares its first Adaptation Plan
- In 2022, the Generación and Redes platforms have their own plan based on the climate risk taxonomy of the EDP Group. A risk and opportunity analysis has also been conducted (>€1M) according to TCFD in both platforms.



Identification of the impact of climate variables on assets and operational measures.



### Emission offsetting

First results

- 24 ha reforested (2 stages)
- 33,000 trees planted
- €6.1/tCO<sub>2</sub> (unit cost)
- In Spain, there is an emission register both on a national and regional level that allows to advance 20% of the estimated capture for the offsetting of emissions.
- With this plantation 12 kt CO<sub>2</sub> will be captured in 30 years.



The pilot plantation project confirms that it is financially feasible, allowing a competitive unit cost, as regards other available alternatives such as the purchase of allowances.

The TCFD analyses the climate risk management according to four pillars: governance, strategy, risk management, and metrics and targets. In the work performed, it identified that, even though climate risks were already being analysed and managed by the organisation, progress needed to be made to give it a formal character and reflect it both on the governance organs and in the risk management procedures.

With the goal of strengthening and consolidating the climate risk management method, the following initiatives to be developed have been identified:

- Governance: explicitly defining the scopes and responsibilities of each governance organ as regards climate change.
- Strategy: publishing and describing the identified risks and opportunities, as well as their impact on our business and test the resilience of our activity, analysing the impact of the different climate scenarios.
- Risk management: reporting on how climate risks are identified and managed and how they are integrated into the global risk management of the organisation.
- Metrics and targets: reporting on the set indicators and targets related to climate change.
- All these initiatives will help to improve climate risk management and will contribute to improve the rating of our activity in sustainability indices.

## European sustainable finance taxonomy

The taxonomy, adopted by the European Council in April 2020, allows capital to redirect its investments towards more sustainable technologies and companies, in the framework of the six EU environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Up to date, a first document establishing the economic activities that substantially contribute to the climate change mitigation and adaptation objectives has been published. The activities that contribute to the other four environmental objectives are pending to be published. Overall, 72 activities have been identified, which must objectively meet the following criteria:

- Contribute to a carbon neutral economy
- Do no significant harm to the other environmental objectives
- Perform the activity subject to minimum ethical and labour standards

In practical terms, for an economic activity to be in line with the taxonomy, it must prove first that it contributes to one of the six environmental objectives and, additionally, it has to prove that it does not damage the rest and meets the minimum social guarantees. A direct consequence of the application of the taxonomy is that any investment made in any recovery fund or aspiring to receive European funding needs to prove that it is in line with this taxonomy.

Thus, for example, the Recovery, Transformation, and Resilience Plan offered distributor companies the possibility of being concessionaires of subsidies to make innovative investments for the digitisation of the distribution grids and charging infrastructures for electric vehicles. In EDP Redes España, we presented an investment plan for each distribution company.

(E-Redes, Viesgo, and Begasa) which were analysed by the Spanish National Commission on Markets and Competition (CNMC) regarding their adaptation to the sustainable finance taxonomy. It assessed their compliance with the objectives, observing the DNSH (Do No Significant Harm) principle, their contribution to carbon footprint reduction, and their circular economy strategy. The result of such assessment has placed us as the best-rated company by the CNMC, amply meeting the objectives to access the EU funds, which represented a 15-million-euros increase of the investment volume.

The extended report is available in the [EDP Taxonomy Report](#)

## Human rights

EDP applies a policy on full observance of human and labour rights and, simultaneously, it actively promotes universal human values. The commitments are contained in the Human and Labour Rights Policy, updated in 2021, and which supplements other codes and policies of the Group, such as the Code of Ethics, the Stakeholder Relations Policy, the Suppliers' Code of Conduct, the Diversity Policy, and the Social Investment Policy.

The Human Rights Policy, which covers the entire EDP Group has been approved by the Board of Directors and has a specific Committee for its effective monitoring. It is a prescriptive policy which identifies the references, standards, and international conventions to which it is subject, while it also sets out the strategic principles included, specifies the principles of action, establishes the obligations of each activity and/or business unit, and defined the governance model and management organs.

Likewise, it details our operating commitments, their operation, the whistleblowing and reporting channels, and the information and training duties, and it extends those obligations to suppliers. In particular, it establishes the Due Diligence procedures, applying the Ruggie principles and OECD methodology, anticipating the EU directive on due diligence.

In order to monitor it, an annual report on Human and Labour Rights is prepared, which supplements other Group reports, such as the company's ESG reports: reports regarding Ethics and Integrity, Suppliers, Personnel, and Health and Safety Management. Thanks to this approach, the issuance of a specific EDP España report is no longer deemed necessary.

### Risk identification

The analysis of the risks related to the observance of human and labour rights is conducted by assessing the country risk, the local risk, and the specific risk for each activity, according to the nature of the project, and taking as reference the sectoral risk map. Depending on whether we are dealing with new investments, the creation or alteration of infrastructures, the contracting of suppliers and other counterparties, operations with customers, or personnel management, specific risk control and mitigation measures are applied.

The activity of the EDP Group is exposed to four main risks of negative impact on human rights.

Stakeholder	Risk
Indirect suppliers of electricity services	Non-compliance with ILO conventions
Suppliers of services (contractors)	Occupational accidents
Local communities of the coal-fired power plants that will be closed	Unemployment
Local communities	Negative impact on the territory

As regards these aspects, the following should be highlighted:

### ILO conventions

The fundamental labour rights are established in eight conventions of the International Labour Organisation (ILO), such as freedom of association and the recognition of the right to collective bargaining, the abolition of all forms of forced or compulsory labour, the abolition of child labour, and the elimination of discrimination in employment and occupation. EDP faces indirect compliance risks as regards the fundamental labour rights related to the extraction and production of necessary materials for the value chain of the electric and electronic technology manufacturers. These risks occur in the first stages of the supply chains and are mainly located in internationally identified regions with geopolitical risks and conflict areas.

### Occupational accidents

The occupational accident risks are embodied in the externally contracted operations and works. In these scenarios, EDP always guarantees the validation of its suppliers through the Suppliers' Code of Conduct, while it monitors them throughout the contract term, paying strict and special attention to all the occupational health and safety aspects.

## Unemployment

The closing of infrastructures can affect the local, social, and environment dynamics. This is why we, in EDP, conduct social and environmental impact studies and open communication channels with all the stakeholders in our social and territorial environment, especially with local communities to guarantee an appropriate project management, involving the active engagement of the stakeholders, the boosting of positive impacts, and the offsetting of negative externalities.

### Negative impact on communities

In the scope of new investments and infrastructures, the main risks are related to the protection of the local communities' rights, specifically, ownership rights, environmental aspects, and use and benefit rights.

As a result, in 2022, like in previous years, no accusations or grounded suspicions of violations of fundamental human and labour rights by any stakeholder have been documented.

However, different projects are in place for the monitoring and minimisation of these risks. With regard to the supply chain risks, EDP conducts Compliance, Integrity and Human and Labour Rights Due Diligences on the suppliers of goods and services in the operations exceeding 25,000 euros. This process covers 99% of the purchasing volume and results in the exclusion of those who do not guarantee compliance with national and international standards.

Furthermore, in the case of critical suppliers, all the supplies are examined taking into account climate and environmental matters, competition, sustainability management practices, financial and business continuity risks, cyber security, health and safety management, and quality, among others. In all the cases, the results of these processes are incorporated into contracts as clauses that EDP monitors, audits, and assesses.

As regards indirect suppliers, as it has been specified many times in countries undergoing geopolitical conflicts, EDP works on extending the due diligence processes. By way of example, EDP has co-founded the Solar Power Europe initiative, which has established a code of conduct and specific audit principles for the solar sector, the same way it has been collaborating for some years with Bettercoal for the verification of mining companies.

As it has been mentioned, when closing coal-fired power plants, unemployment and economic and social depression risks for local communities are identified. In order to prevent these risks, we have implemented a Just Energy Transition commitment, assuming the responsibility to support these areas.

Thus, we have signed Just Transition Agreements related to our coal-fired power plants that are in the process of being shut down or reconverted:

- Caudal-Aboño Just Reconversion Agreement, for the power plants in Soto de Ribera and Aboño (Asturias)
- Valle del Guadiato-Puente Nuevo Just Transition Agreement, for the power plant in Puente Nuevo (Córdoba)
- Campo de Gibraltar-Los Barrios Just Transition Agreement, for the power plant in Los Barrios (Cádiz)

According to these agreements, we have a project portfolio to remain present in the territories with sound and realistic industrial plans based on renewable energies. These alternative projects guarantee the investment in affected areas based on the development of renewable hydrogen, energy storage, and flexibility systems. And, in addition to them, an organised plan of job opportunities and search of options for internal and external outplacement, through retirement, early retirement, and voluntary termination formulas, internal transfers to other divisions or work centres, an assisted outplacement programme in job transition, and the prioritisation of personnel from contracts linked to the respective power plants in jobs related to the new activities and decommissioning processes.

Finally, a specific action plan for the socio-economic development of the territory and the just transition as an action plan for the stakeholders in the social and territorial scope of each installation (EDP Suma+ programme).

## Commitment to the community

The Action Plan with the stakeholders in the social and territorial scope is called EDP Suma+. It is a plan based on the results of socio-economic studies, surveys, and qualitative interviews conducted between 2021 and 2022 which identify the creation of employment, the environment, depopulation, engagement and dialogue, and commitment to the community as relevant topics.

In 2022, the communication channels with different town councils and competent organisations have been strengthened, being especially developed in Córdoba and Cádiz through the Andalusian Entrepreneurship Centres (CADE), which has allowed to carry out a dynamic and efficient action plan adjusted to the needs of each territory.

New communication channels have been opened with town councils and other neighbour associations, among which we should highlight our constant contact with the town councils in the municipalities included in the Valle del Guadiato, Campo de Gibraltar, and Caudal-Aboño Just Transition Agreements, as well as with the respective Local Development Agencies and the business and social entities on a provincial and local level.

Additionally, new communication channels have been opened in different Cantabrian municipalities identified as being at extreme risk of depopulation assigned to the Montaña Oriental, Campoo-Iguña, and Montaña Occidental regions. Special mention should be made of the relation with the municipalities of Peñarrubia and Reinosa.

In the province of Lugo, contact has been established with the municipalities at risk of depopulation identified by the Regional Galician Government, in which there are EDP Redes España assets, that is, the municipalities in the region of As Mariñas, Lugo Central, Comarca de Lugo (Friol, Guntín, Outeiro de Rei, and Rábade), and Terra Chá and the Montaña Lucense area, including the municipalities in the A Fonsagrada and Meira regions. The most active communication has been with Mondoñedo, Ribadeo, and Foz.

In connection with the cross-border Alto Lindoso reservoir belonging to EDP Portugal, which affects the Lobios municipalities in Orense, a direct communication channel has been opened with the Town Council of such locality.

To sum up, the total interactions in year 2022 between Sustainability and the different stakeholders have been more than 1,500.

The initiatives developed in this Action Plan are part of the EDP España Social Investment Plan, according to the Social Investment Policy of the EDP Group under the name EDP Suma+.

The EDP Suma+ programme was created in EDP España as a global programme to bring together the different projects and stakeholder management activities, through strategic, standardised, and custom-made projects and programmes, which are divided into:

- **ENTAMA:** Programme to support local entrepreneurs targeted at projects that have the capacity to generate added value and economic growth in a sustainable way and with future prospects, assigned to the areas of influence of assets.
- **EDP Joven:** Support for children and teenagers in the local communities, mainly with the focus on acquiring skills for improving their future employability and promoting STEM vocations.
- **EDP +Cerca:** Activities that improve EDP reputation, with presence on the field through citizen engagement, leisure, and support to maintaining public areas.
- **Mi entorno EDP:** Environmental projects to be developed with a local partner under the premise of creating shared value, which must include a social consideration. Projects with a positive impact on natural capital and biodiversity will be promoted, as well as the improvement in ecosystem services.
- **EDP Partners:** Programme to develop joint projects with technology platforms, business partners, ESG associations, and education and university community.

Among the initiatives carried out during 2022, the following stand out:

**ENTAMA:** in June 2022, it was launched the fourth series of the Programme, including an extension of the geographical area of influence:

It has maintained the municipalities of the areas surrounding the Generation power plants that had already participated in previous years (Carreño, Ribera de Arriba, Proaza, Morcín, Quirós, Somiedo, Belmonte, Santo Adriano, Caso, Tineo, Teverga, and Sobrescobio), and all the other Asturian municipalities that are considered small or else have less than 5,000 inhabitants or whose population density is lower than 100 inhabitants per square kilometre. This way, the scope of the Entama programme is extended to 100% of the Asturian territory covering the areas of influence of EDP Redes España.

- It has extended to municipalities in the areas surrounding the Generation/Thermal power plants, in line with the Just Transition Objectives (municipalities included in the Just Transition Agreements of Caudal-Aboño (excluding Gijón), Valle del Guadiato-Puente Nuevo, and Campo de Gibraltar-Los Barrios (excluding Algeciras).
- It has also extended to rural municipalities in Cantabria and Lugo at risk of depopulation in which other Group activities are developed, mainly Distribution.

In these 4<sup>th</sup> series, in which 52 new applications from 25 municipalities have been received, the programme has boosted female-led projects or projects with a high women employability potential, promoting Diversity, Equity, and Inclusion. During 2022, the progress of the 2020-2021 Entama projects (8 projects) was monitored, the results being in all cases satisfactory.

#### Position of the programme:

- go!ODS: Entama has been awarded the Prize given by the 3rd go!ODS Awards for its contribution to the achievement of SDG 11: Sustainable cities and communities. These Global Compact Spanish Network awards are aimed at recognising and supporting those innovative projects that contribute to the United Nations Sustainable Development Goals.
- Cotec Innovation Festival with ENTAMA: collaborating in the fifth series of the Cotec Innovation Festival #Imperdible05, held in the Segovia municipality of Otero de Herreros (900 inhabitants), and which gathered more than 2,000 people, #Imperdible05 offered more than 25 innovation experiences created in rural areas to tackle depopulation. On the occasion of its opening ceremony on Friday 10 June conducted by His Majesty the King, Cotec organised a tour around Imperdible05 for more than 600 school children aged from 10 to 15, from education centres of Castilla y León. His Majesty the King got to know the ENTAMA programme with the assistance of the DASIC Division.
- Publication of ENTAMA on the portal Asturias Responsable, [an initiative promoted by the Government of the Principality of Asturias](#) and the Asturian Chambers of Commerce.



# #Imperdible05 COTEC



**EDP +Joven:** Throughout 2022, the area of influence of the programme has been extended, including, in addition to 100% of the Asturian territory, Cantabria, Lugo, Cádiz (los Barrios), and Córdoba (Villaharta and Espiel), thus strengthening the support to children and young people in the local communities, mainly focused on the acquisition of skills for improving their future employability, as well as the promotion of digital competences and STEM vocations.

-**Technology colonies.** Once again, this year, the success of local technology camp programmes from previous years repeats itself. These are camps that seek to bring new technologies closer to children aged from 10 to 15. In 2022, 17 Technology Camps were organised in 14 municipalities, which were attended by more than 210 participants and which obtained a high satisfaction level reported by the town council offices and official organisations.

**EDP +Cerca:** Among the 2022 activities that improve EDP reputation present in the territory through citizen engagement, leisure, and support to the maintenance of public spaces, we should highlight the following:

- Sobrescobio: Support to mountain capital.
- Los Barrios: Beaconing of Los Palmones beach and support to the children's football.
- Espiel: Activities to support cultural and sports initiatives.
- Villaharta: Maintenance of public parks and gardens.
- Medio Cudeyo and Comillas: Promotion of sustainable tourism.



Other initiatives with a lesser economic impact, but with high value due to their social impact are:

- Somiedo: Sponsorship of the 2<sup>nd</sup> Latin American Biogeography Congress and the 12th Spanish Biogeography Congress
- Belmonte de Miranda: Support of the Historic and Cultural Association ARHEM for historical re-enactment activities
- Carreño: Sponsorship of the night charity race organised by Carreño Yacht Club and support of the FASAD 'Tente moz@s' programme, aimed at employability of people with disabilities
- Ribera de Arriba: support of the Santiago Apóstol local festivities and support of cultural associations.
- Proaza: support of local festivities.
- Santo Adriano: support of a children's camp and the Ecomuseo activities, together with the University of Oviedo

**Mi entorno EDP:** Among the environmental projects, it should be highlighted the signing of a new partnership agreement with the Somiedo Town Council for the support of the Tourism Revitalisation Plan, based on the construction of a geological viewpoint in La Farrapona.



**EDP Partners:** In the framework of the development programme of joint projects with technology platforms, business partners, ESG associations, and the education and the university community, the following are noteworthy:

- Creation of the EDP chair "Energía Los Barrios", in partnership with the University of Cádiz (UCA), Campus Bahía de Algeciras - This chair is intended to promote joint actions in the field of energy transition and ESG excellence.
- Sponsorship of and participation in the 2nd International Meeting on Knowledge and Blue Economy, InnovAzul 2022 (Cádiz) European benchmark of Blue Economy, with more than 1,600 participants, 60 booths, and bilateral round tables, more than 250 speakers, 150 sea-related companies, 62 universities and research centres, 65 administrations, and seven sectoral sessions.



#### -Energy seminars: 8<sup>th</sup> and 9<sup>th</sup> series::

Throughout 2022, 2 Energy Seminars have been held; the first one, as usual, in the University of Oviedo, and the second one has been organised in the Higher Technical School of Engineering of Algeciras, University of Cádiz.

As for the other universities with which EDP has a relationship (Cantabria, Córdoba, Santiago [Campus de Lugo]) etc., they were offered the possibility of attending the Seminar via streaming or through the Teams platform.

During the seminar day, attendees are informed about the operation of the electricity sector throughout its value chain and in the current energy transition context, as regards both generation and distribution and retail. Likewise, special attention is paid to sectoral ESG aspects and their consideration as a sector with a future and a high employability level, sustainable, innovative, and inclusive.

-Just Transition Days in Asturias, aimed at revealing the projects to the Asturian stakeholders (administration, customers, suppliers, public organisations such as chambers of commerce, employees, and media).

#### - Menéndez Pelayo International University (UIMP):

Management of the UIMP 3-day seminar, 'Answers to global challenges; beyond climate neutrality' in July 2022.

1. Funding of new business models: new financing paths, taxonomy, and ESG framework
2. Just Transition Projects
3. New working methods and STEM
4. Raw materials for the transition
5. Supply chains
6. New transmission and distribution grids

#### - Sponsorship of the Menéndez Pelayo International Award

In 2022, it was held the 35<sup>th</sup> series of Menéndez Pelayo International Award, endowed with 20,000 euros and the Medal of Honour of the academic institution, which were awarded to the writer Álvaro Pombo.

The prize is awarded on an annual basis and recognises distinguished personalities in the literary or scientific creation sphere, whose written work presents an outstanding humanistic dimension.

The prize, sponsored by EDP, can be awarded to Latin American authors, both in Spanish or Portuguese, who had been proposed according to the annually published bases.

## EDP receives the Commemorative Medal of the 90<sup>th</sup> anniversary of the UIMP

EDP has been recognised as one of the main entities that have actively collaborated with the Menéndez Pelayo International University.

During the closing ceremony of the 2022 summer courses, the vice-chancellor of the UIMP, Carlos Andradas, delivered the 90th anniversary commemorative medals granted to EDP and other entities, such as Santander Town Council, the Cantabrian Government, the Tatiana Pérez de Guzmán el Bueno Foundation, Banco Santander, and the Higher Council for Scientific Research (CSIC).

Yolanda Fernández, Environment, Sustainability, Innovation, and Climate Change Director in EDP España, who was in charge of running the UIMP seminar 'Answers to global challenges; beyond climate neutrality' past July, picked up the Commemorative Medal on behalf of the company.

Under the slogan '90 years anticipating the future', this year's UIMP Summer Courses were attended by more than 4,500 students and almost 2,000 speakers in 154 seminars. In addition to this, around fifty cultural activities and about ten institutional acts were held.



-**University of Oviedo – Support of the National Biology Olympics event.** EDP sponsored the National Biology Olympics, held in Oviedo on 31 March, and 1, 2 and 3 April 2022. Along with the activities typical of the Olympics, EDP supported a series of ancillary activities, such as the guided tour to the hydraulic thermal power plant of Proaza, in which its operation was explained to the attending students.

-**Support of and participation in the 10<sup>th</sup> series of the Andalusian Environmental Science Congress COANCIAM,** under the slogan «Sustainability: the fifth industrial revolution. New challenges and opportunities for a paradigm shift».

-**AEMENER – Spanish Association of Women in Energy:**

Permanent collaboration in the activities of the association to appreciate and give visibility to the role of women in the energy sector. Among other projects, we participate in the 'Mentoring' project, a programme aimed at female students and

professionals in the energy industry, whose purpose is promoting their professional career and helping them to attain their goals and maximise their learning; and the sponsorship of and active participation in the 1st STEM Fair, organised jointly with the School of Mining Engineering of the Universidad Politécnica de Madrid, and open to participation via streaming from anywhere in the country.

A booth was set up in the STEM Fair, in which the global programme #Rebels4Change was brought to light, and EDP participated in the following round tables:

- “How to facilitate universal access to energy in a context of energy transition and fight against climate change?”
- “Keys for the transition towards a decarbonised economic model”
- “The development of hydrogen economy”
- “Which are the job opportunities for Science careers?”
- “Women in STEM. Why study a science degree?”





Together with AEMENER, EDP has also participated in the “Women and sustainability in the energy transition” congress, jointly organised with the MITERD and the IDAE, and it has sponsored the 2<sup>nd</sup> Energy Festival.

#### -MASSTEAM

Developed by CSIC and FADE, MASSTEAM (STEAM Asturian Women) is an education immersive guiding project based on mentoring and shadowing activities in companies. 22 students from the MASSTEAM programme participated in this initiative, accompanied by five EDP España mentors. The students of the programme are guided by STEAM professionals to learn about their experience and the actual application of their academic training. This initiative also allows them to experience and discover first-hand what an engineer, a scientific, a mathematician, or a technologist does. In the framework of the programme, meetings are organised with STEAM professionals, which are jointly coordinated with the DASIC.

#### -Asociación Mujer y Talento

A partnership agreement has been signed with the Asociación Mujer y Talento in Cantabria to work on the development of female talent, with the main goals of giving visibility to sports, educational, and cultural actions carried out as regards guidance of young women in their training for the future and also for supporting women who enter again the labour market.

#### -STEAM Vocations

Initiative developed by the Quality Club and the Regional Ministry of Science, Innovation and University of the Principality of Asturias that seeks to encourage scientific and technological vocation among young female students in the last year of the mandatory secondary stage and the upper secondary stage, presenting in a practical way the professional experience of women in STEAM fields in Asturias.



#### -“Futuro en femenino”:

Participation in the workshops of the project promoted by the newspaper El Comercio, both in the opening session and in the equality talk for boys and girls from Asturian school. This year, it was organised in the Colegio Santa Maria del Naranco Alter Via (Oviedo, Asturias), and more than 20 students participated.

## Supplier Management

The new ESG strategy of the EDP Group identifies suppliers as one of the priority lines of action, with the following targets by 2025:

- 40% purchases with new ESG criteria: the criteria are based on the reports on gender equality, diversity, decarbonisation, and sustainability
- 100% critical ESG compliant supplier: the criteria are based on human and labour rights, certifications for suppliers exposed to high risks

The procedures and methodologies for the sustainable management of the supply chain are defined in the Sustainability Protocol.

As concerns the Protocol of Procedures for Sustainability in the Supply Chain Management, it has been launched in the first quarter of 2023.

The main initiatives and actions carried out are:

- Criticality analysis:** in the process of stating a procurement need, including a classification of the criticality of the supply that allows to monitor the segmentation of critical contracts and anticipate the potential risk that must be covered in the contract. Developing a standardised criticality matrix per procurement category.
- Rating:** ensuring that suppliers meet the minimum requirements cross-cuttingly to all the supply categories, as well as the specific requirements established as a result of the criticality analysis and the technical requirements of the supply. In 2023, the questionnaire to register at the GoSupply platform will be reviewed, which will allow to associate supply risks with the requested information.
- Assessment of the supplier performance throughout the execution of the contract in the following dimensions:** (i) performance and management, (ii) ethics, labour, and human rights, (iii) health and safety management, and (iv) environment. In 2023, a new cybersecurity dimension will be added, as well as new prevention topics derived from the Play-it Safe project.

-**ESG Assessments:** ensuring the suppliers' alignment as regards fundamental sustainability topics, thus allowing to mitigate the risk inherent to the business through the identification of an improvement plan that guarantees suppliers' commitment to ESG matters. In 2023, the ESG Assessment questionnaire has been adapted to the main international trends, adopting a more proactive approach.

### Main initiatives



#### Criticality analysis

Including in the **process of stating a procurement need, a classification of the criticality of the supply** that allows to monitor the segmentation of critical contracts and anticipate the potential risk that must be covered in the contract



#### Rating and recording

Ensuring that **suppliers meet the minimum requirements cross-cuttingly to all the supply categories**, as well as the specific requirements established as a result of the criticality analysis and the technical requirements of the supply



#### Assessment of performance

Assessing the **supplier performance throughout the execution of the contract** in the following dimensions: (i) performance and management, (ii) ethics, labour, and human rights, (iii) health and safety management, and (iv) environment<sup>2</sup>

<sup>2</sup> Applicable only to construction and service contracts



#### ESG<sup>1</sup> assessment

Ensuring the **suppliers' alignment as regards fundamental sustainability topics**, thus allowing to mitigate the risk inherent to the business through the identification of an improvement plan that guarantees suppliers' commitment to ESG matters

<sup>1</sup> Environment, Social and Governance

...based on the identification of critical contracts and the definition of risk mitigation measures...

ESG CRITICALITY MATRIX

1 Matrix	12 Criteria	Importance and consequences for operation	3 Segmentation levels
		Access to data and premises	
		Environmental and health and safety risks	
		Ethics and human and labour rights	

MAIN GOALS

**To reduce the supply risk**  
by ensuring that the supplier meets the requirements and best practices

**Anticipation and protection / defence against negative events**  
(business continuity or reputational impacts)

- Low risk
+
 Definition of minimum qualification requirements/rating (for example, financial, economic, or technical)
- Medium risk
+
 Directing/suggesting the introduction of contractual protection clauses (for example, insurance, bonds, action management...)
- High risk
+
 Definition of the contractual monitoring plan, and, where appropriate, the integrity Due Diligence

...which must be identified when stating the needs to be submitted to procurement...

**ESG CRITICALITY MATRIX**

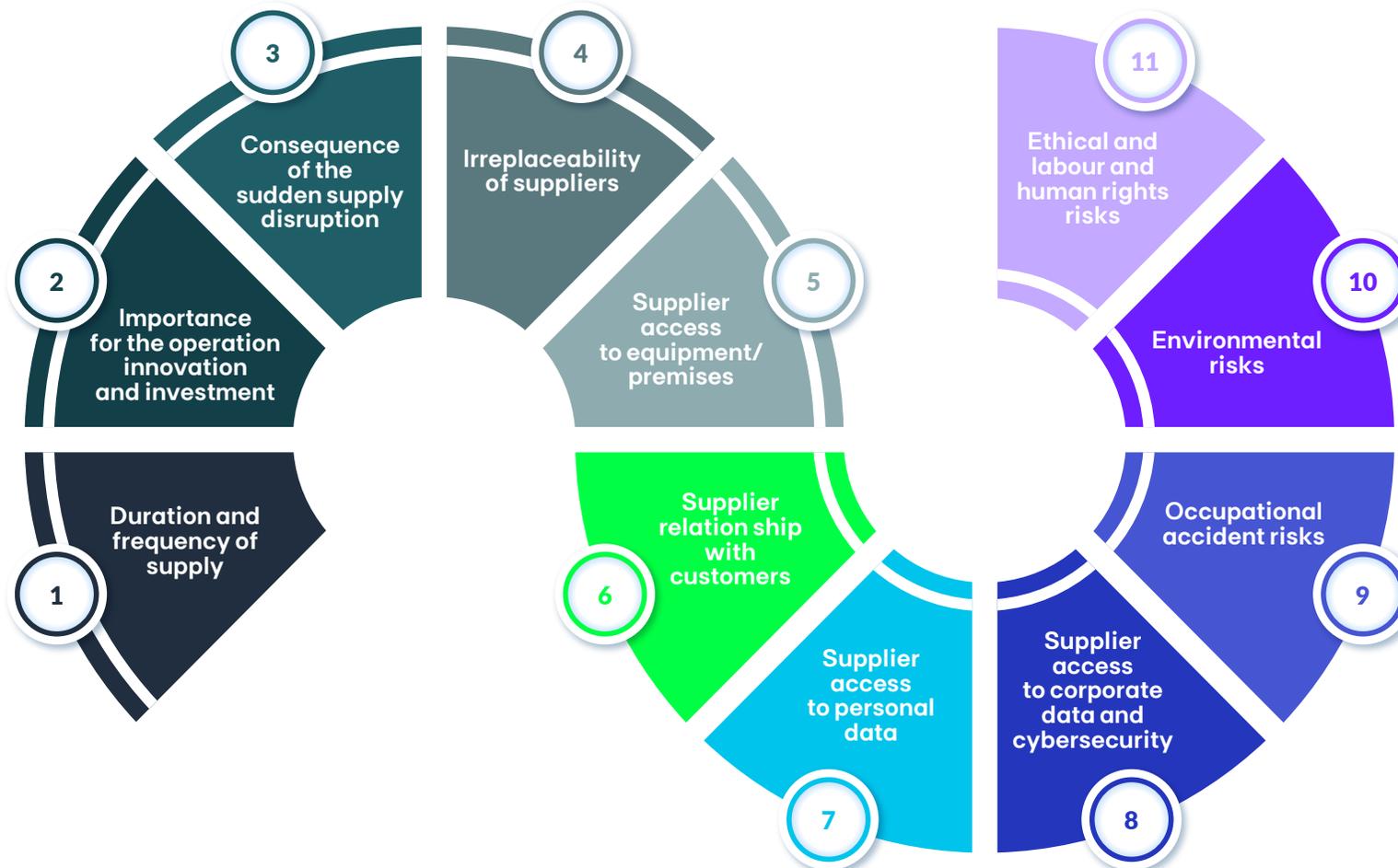


...this information being fundamental to start the whole critical supplier management process of the EDP Group

**RISK MITIGATION MEASURES**



During year 2022 the incorporation of the ESG performance has been implemented for the assessment and rating of 100 of critical suppliers 91 Additionally, the ESG audits of those suppliers have been conducted in the last quarter of the year



# Our drive



# Year-to-year data

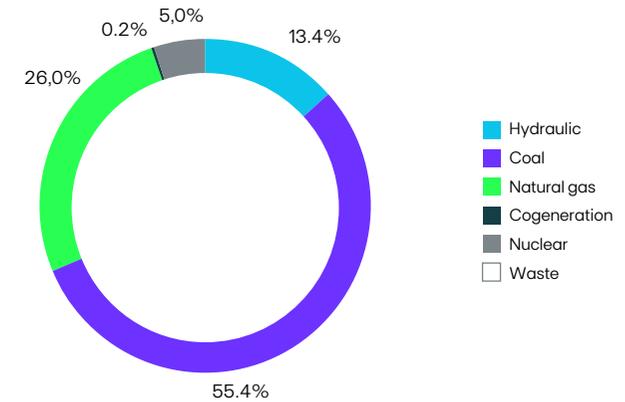


Technical indicators	140
Environmental indicators	143
Social indicators	145

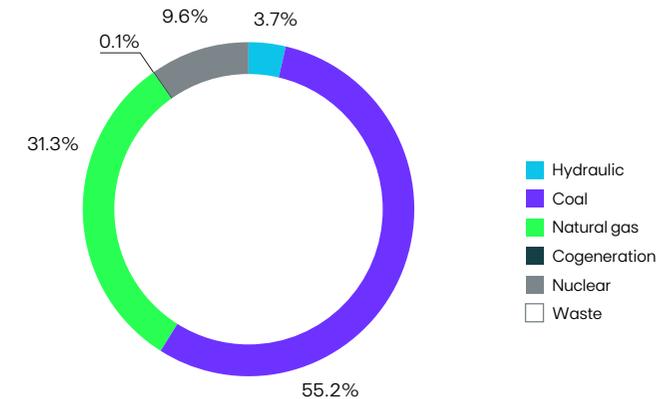
## Electricity generation

		2022	2021	2020
<b>Installed production capacity</b>	UN			
Hydraulic total <sup>(1)</sup>	Gross MW	438	425	422
Coal	Gross MW	1,820	1,911	1,322
Natural gas <sup>(1)</sup>	Gross MW	854	865	866
Nuclear	Gross MW	165	165	165
<b>Thermal total</b>	<b>Gross MW</b>	<b>2,839</b>	<b>2,942</b>	<b>2,353</b>
<b>General total</b>	<b>Gross MW</b>	<b>3,278</b>	<b>3,367</b>	<b>2,775</b>
Cogeneration	Gross MW	5	5	5
Waste	Gross MW	0	20	20
<b>Special Total</b>	<b>Gross MW</b>	<b>5</b>	<b>26</b>	<b>26</b>
<b>TOTAL</b>	<b>Gross MW</b>	<b>3,283</b>	<b>3,393</b>	<b>2,801</b>

Investments in wind power are made through EDP Renováveis.



		2022	2021	2020
<b>Net electricity generation</b>	UN			
Hydraulic total	MWh	458,765	771,985	677,491
Coal	MWh	6,826,251	4,314,937	2,431,009
Natural gas	MWh	3,872,153	2,599,032	4,106,782
Nuclear	MWh	1,187,547	1,145,026	1,196,087
<b>Thermal total</b>	<b>MWh</b>	<b>11,885,952</b>	<b>8,058,996</b>	<b>7,733,878</b>
<b>General total</b>	<b>MWh</b>	<b>12,344,717</b>	<b>8,830,981</b>	<b>8,411,369</b>
Cogeneration	MWh	17,236	28,518	24,326
Waste	MWh	0	19,492	48,524
<b>Special Total</b>	<b>MWh</b>	<b>17,236</b>	<b>48,009</b>	<b>72,850</b>
<b>TOTAL</b>	<b>MWh</b>	<b>12,361,953</b>	<b>8,878,990</b>	<b>8,484,219</b>



## Electricity distribution

		2022	2021	2020
<b>Electricity distribution installations</b>	<b>UN</b>			
HV overhead lines (50/132 kV)	km	2,805	2,821	3,013
MV overhead lines (5/10/16/20/22/24 kV)	km	13,073	13,093	12,999
HV underground lines (50/132 kV)	km	109	108	107
MV underground lines (5/10/16/20/22/24 kV)	km	3,863	3,809	3,770
LV overhead grids	km	23,693	23,639	23,577
LV underground grids	km	9,100	9,022	8,948
Transformation centres	Nº	17,895	17,850	17,778
Transformation centres' installed capacity	MVA	5,083	5,041	5,001
Substations <sup>(1)</sup>	Nº	274	274	279
Transformers in substations <sup>(2)</sup>	Nº	315	312	313
Installed capacity in substations	MVA	13,238	13,129	13,143

(1) It includes MV substations (MV/MV and Manoeuvre-Interconnection)

(2) Power transformers in substations and cold reserves

		2022	2021	2020
<b>Electricity distribution</b>	<b>UN</b>			
<b>Supply Points</b>	<b>Nº</b>	<b>1,383,123</b>	<b>1,376,478</b>	<b>1,370,924</b>
Low voltage (< 1kV)	Nº	1,380,518	1,373,898	1,368,397
Medium voltage (> 1kV y <36 kV)	Nº	2,367	2,343	2,378
High voltage (> 36 kV)	Nº	238	237	149
<b>Distributed Energy</b>	<b>GWh</b>	<b>13,286</b>	<b>14,092</b>	<b>7,501</b>
Low voltage (< 1kV)	GWh	6,558	4,120	2,131
Medium voltage (> 1kV y <36 kV)	GWh	2,813	2,798	1,190
High voltage (> 36 kV)	GWh	3,914	7,174	4,180



## Retail

### Electricity and gas retail

		2022	2021	2020
B2B customers (Electricity)	#	20,642	22,049	21,635
Retailed energy (Electricity)	GWh	12,244	10,959	10,790
B2B customers (Gas)	#	3,607	4,393	5,556
Retailed energy (Gas)	GWh	3,284	3,818	7,413
Customers with value-added services (B2C and B2B)	#	14,225	4,630	1,585
		2022	2021	2020
<b>Total decentralised solar power installed in the year</b>	<b>MW</b>	<b>66.50</b>	<b>25.87</b>	<b>19.69</b>
Decentralised solar power B2B	MW	25.20	16.99	17.85
Decentralised solar power B2C	MW	41.30	8.88	1.84
<b>No. of charging points for electric vehicles</b>	<b>#</b>	<b>1,575</b>	<b>790</b>	<b>280</b>



## Environmental

### EMISSIONS

<b>CO<sub>2</sub> emissions</b>	UN	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total emissions	k tons	7,371	4,282	1,910
Specific emissions	g/kWh	593	479	216

<b>SO<sub>2</sub> emissions</b>		<b>2022</b>	<b>2021</b>	<b>2020</b>
Total emissions	k tons	2.35	1.62	1.48
Specific emissions	g/kWh	0.19	0.18	0.17

<b>NOx emissions</b>		<b>2022</b>	<b>2021</b>	<b>2020</b>
Total emissions	k tons	4.10	3.67	2.96
Specific emissions	g/kWh	0.33	0.41	0.33

<b>TSP emissions</b>		<b>2022</b>	<b>2021</b>	<b>2020</b>
Total emissions	k tons	0.22	0.15	0.08
Specific emissions	g/kWh	0.02	0.02	0.01

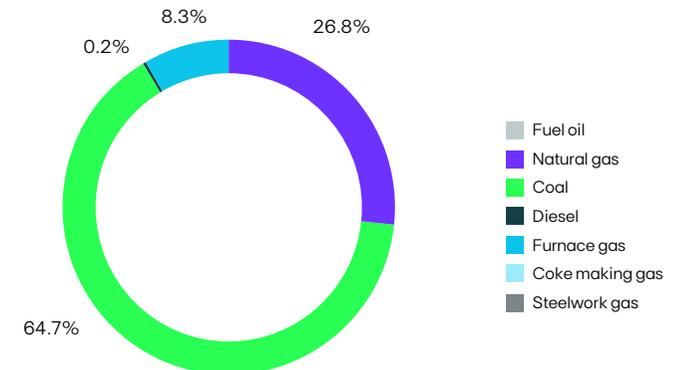
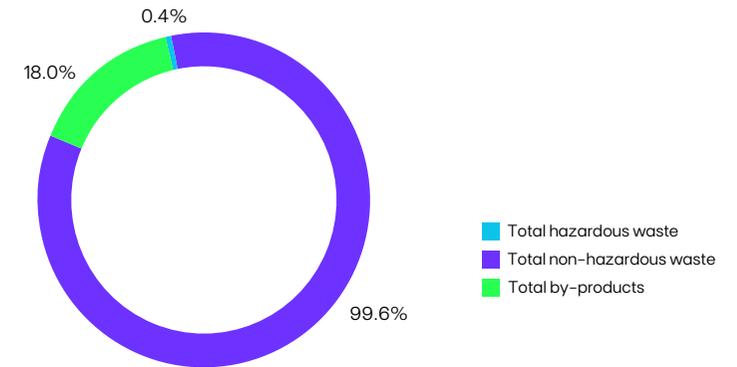


## Environmental

WASTE AND BY-PRODUCTS	UN	2022	2021	2020
Total hazardous waste	tons	1,121	1,672	1,454
Total non-hazardous waste	tons	268,479	103,731	70,113
Total by-products	tons	48,478	39,053	20,177
Total generated	tons	269,600	144,455	91,744
Total recovered	tons	250,898	133,784	88,992
% Total recovered	tons	93%	93%	97%

FUEL CONSUMPTION	UN	2022	2021	2020
Fuel oil	TJ	20	21	40
Natural gas	TJ	25,777	17,977	28,142
Coal	TJ	62,359	34,727	20,180
Diesel	TJ	204	38	31
Furnace gas	TJ	7,965	10,891	6,296
Coke making gas	TJ		0	0
Steelwork gas	TJ		266	750
<b>TOTAL</b>		<b>96,324</b>	<b>63,921</b>	<b>55,439</b>

WATER	UN	2022	2021	2020
Cooling water	m <sup>3</sup> x10 <sup>3</sup>	661,734	339,100	283,279
Electricity generation water Recovered	m <sup>3</sup> x10 <sup>3</sup>	1,783	1,082	1,401
water out of collected water (%)	m <sup>3</sup> x10 <sup>3</sup>	99%	99%	99%



## Social

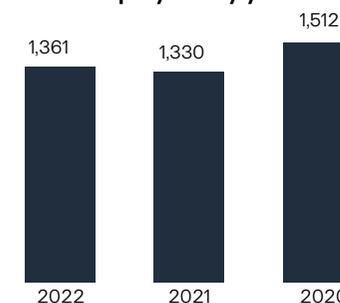
Employees		2022	2021	2020
Total employees	#	1,361	1,330	1,512
% of women	%	23.7%	22.9	21
Average age of the employees	years	47	47	49
Absenteeism rate	%	3.95	3.1	3.8

Employee profile by age and gender				
Age		Men	Women	Total
≥ 50	n°	456	89	545
40 - 49	n°	380	142	522
31 - 39	n°	152	73	225
< 31	n°	50	19	69
	Total	1,038	323	1,361

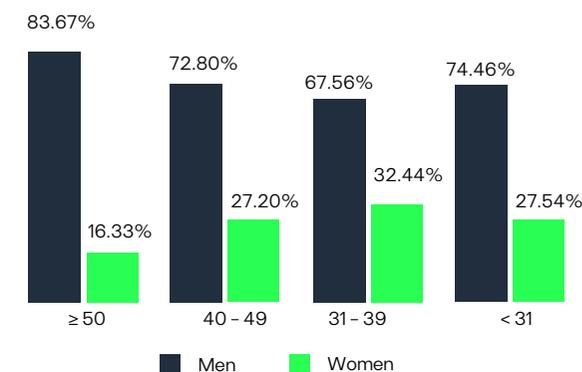
Employee profile by professional category and gender				
Categories		Men	Women	Total
Top Management/Macrostructur	n°	79	16	95
Managers	n°	156	53	209
Senior specialists and specialists	n°	347	158	505
Support and operations technicians	n°	456	96	552
	Total	1,038	323	1,361

Training		2022	2021	2020
Total hours of training	h	53,740	39,954	25,114
Employees who have received training	People	1,392	1,388	1,191
Investment in training	€	952,825	480,432	375,420

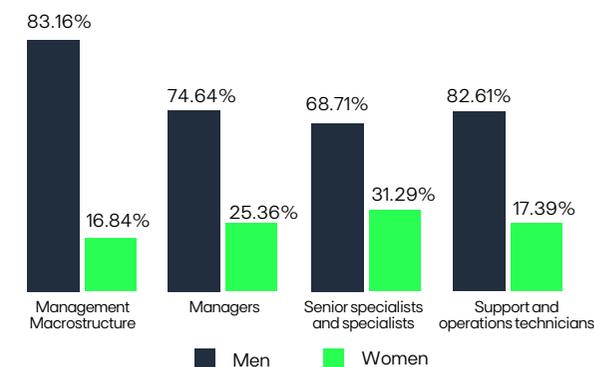
### Employees by year



### Employees by age and gender



### Employee by professional category and gender



## Safety

<b>Electricity business – Own workforce</b>		<b>2022</b>	<b>2021</b>	<b>2020</b>
Accidents involving leave	n°	2	3	2
Accidents not involving leave	n°	4	1	1
Fatal accidents	n°	0	0	0
Incidence rate		1.4	2.14	1.64
Frequency rate	Fr	0.86	1.28	0.96
Severity rate		0.081	0.047	0.097
<b>LTRIF</b>	RFr	2.58	1.71	1.47

<b>Electricity business – Personnel</b>		<b>2022</b>	<b>2021</b>	<b>2020</b>
Accidents involving leave	n°	11	8	14
Accidents not involving leave	n°	2	6	3
Fatal accidents	n°	0	0	0
Incidence rate		4.54	3.86	5.75
Frequency rate	Fr	2.30	1.95	2.91
Severity rate		0.249	0.186	0.189
<b>LTRIF</b>	RFr	2.71	3.42	3.57

Incidence rate: No. of accidents involving leave/exposed people \* 10<sup>3</sup>

Frequency rate: No. of accidents involving leave/worked hours \* 10<sup>6</sup>

Severity rate: No. of working days missed/worked hours \* 10<sup>3</sup>

LTRIF: No. of accidents involving and not involving leave and fatal accidents/ worked hours \* 10<sup>6</sup>

### Accident rates | Own workforce



### Accident rates | Contractor staff

