



*edp*

ESG REPORT 1Q22



# LEADING ON ESG MATTERS AT EDP

We are currently living a humanitarian crisis in Ukraine and our thoughts are with all those who continue to be impacted by this social emergency. At EDP, we have developed an integrated action plan to mitigate the consequences of this war, through several initiatives, such as partnering with Fundação Bierdronka, Doctors of the World and the International Red Cross, to provide direct support to refugees in Ukraine; or by donating more than 30 tons of electrical supplies to contribute to the reconstruction effort. In addition to these initiatives, through our employees worldwide, we have collected and sent to Ukraine more than 1,1 tons of goods, in partnership with Doctors of the World; and we are offering a discounted electricity tariff to support families that are providing housing to refugees, in Portugal.

We acknowledge the severity of the situation and will continue to assess how we can best assist the Ukrainian people during these difficult times.

The conflict in Ukraine has also brought to the forefront fundamental questions about the role of clean energy in promoting stability and security. The energy transition – as well as safeguarding the planet for future generations – is also fundamental to our future energy security. The case for an accelerated and just energy transition has never been clearer.

## Environment

An important part of the energy transition will be the growth in solar energy production – and this is one of EDP's key growth avenues for this decisive decade for the planet. In less than 5 years, it is expected that the world's renewable energy capacity will grow to exceed 4,800 Gigawatts (GW), representing an over 60% increase in comparison to 2020. Of those, an estimated 1,800 GW are projected to come from solar distributed generation (DG).<sup>1</sup>

EDP is well-positioned to capture growth opportunities in solar, both through utility-scale and decentralized

solar installations. We are investing €24 Bn in the energy transition until 2025 and will double our wind and solar capacity by adding 4 GW per year, of which 7% will be in solar DG. By 2025 we expect to have grown tenfold our DG contracted capacity compared to the end of 2020, to overcome 2 GWp.

Since our Strategic Update, EDP has already secured a capacity of over 300 MWac in solar DG across 3 continents. A growth that has been driven by the recognized expertise of our teams, as well as by relevant M&A operations, such as Sunseap in Asia and the Soon Energy company in Poland, which have been allowing EDP to meet solar demand at a global scale.

## Social

In this first quarter of 2022, EDP launched its global social investment programme - EDP Y.E.S. - You Empower Society, through which we will invest more than 300 million euros in social impact projects by 2030. Focusing on a Just Energy Transition, EDP will invest in initiatives to combat energy poverty, promote access to energy and energy efficiency, and implement solutions for access to solar energy and electric mobility.

One of Y.E.S Flagship Projects is the EDP Inclusive Solar Communities that aims to democratize solar and accelerate a fair energy transition in Portugal and Spain. Through this project social institutions will be able to produce and consume solar energy at a discount price and without incurring in upfront investments, while at the same time being able to offer free solar energy to vulnerable families of that community.

As we continue to phase out coal, EDP has also created the Sines Active Future Programme, set to reconvert thermoelectric power plants into green energy production centres in the region, with support for sustainable entrepreneurship initiatives, training in renewable energies and the improvement of energy conditions for families.

We also launched the fourth edition of the A2E Fund (Access to Energy) in April this year, with double the amount of funding: €1 M to support renewable energy projects that promote the environmental, social and economic development of rural communities in five African countries - Mozambique, Nigeria, Malawi, Angola and Rwanda. In the last three editions, the A2E Fund has allocated €1.5 M to 20 projects, generating direct and indirect benefits for more than 1 M people in seven African countries.

These initiatives go to the heart of what the EDP Y.E.S programme is about, empowering individuals to drive the energy transition forward whilst making sure nobody is left behind.

## Governance

There are two important highlights in the first months of 2022. Firstly, EDP held its annual general shareholders' meeting with a record participation of 78% of represented capital, benefiting from the flexibility of the hybrid model, which allowed for participation both in-person and remotely.

Secondly, EDP became a pioneer in Portugal by certifying its compliance management system. This certification, together with the certification of our Integrity/anti-corruption Compliance Program, attests to the robustness of EDP's management practices, materializing our commitments in terms of compliance and integrity, in line with the strategic plan 2021-2025.









A stylized handwritten signature in black ink.

Vera Pinto Pereira  
Executive Board Member

<sup>1</sup> Source: IEA Renewables 2021 Report, <https://www.iea.org/reports/renewables-2021>

ESG PERFORMANCE AT A GLANCE

	INDICATOR	UNIT	1Q22	1Q21	Δ %	TARGET	
						2025	2030
 ENVIRONMENT	Revenues aligned with EU taxonomy	%	53%	66%	-13p.p.	70%	>80%
	Scope 1 & 2 Emissions Intensity	gCO <sub>2</sub> /kWh	152	112	35%	~100	0 
	Renewables Generation	%	75%	85%	-10p.p.	85%	100% 
	Coal Installed Capacity	%	10%	8%	+2p.p.	0	0 
	Total Waste	kt	84	61	37%	118	30
 SOCIAL	Employee Engagement (top tier company) <sup>1</sup>		X	✓		✓	✓
	Female Overall	%	26.5%	25.6%	+1p.p.	30%	35%
	Accident Frequency Rate <sup>2</sup>	Fr	1.40	1.35	4%	1.55	<1
 GOVERNANCE	Female on Leadership	%	26.9%	24.6%	+2p.p.	30%	35%
	ESG & equity linked compensation for Top Management <sup>3</sup>	.	✓	✓		✓	✓
	Cybersecurity	bitsight rating	800	800	0%	Keep advanced <sup>4</sup>	
	Top quartile in ESG rating Performance <sup>5</sup>	.	✓	✓		✓	✓

During the 1<sup>st</sup> quarter of 2022, the draught felt across Iberia entailed an increase of thermal generation output, therefore **revenues aligned with the EU Taxonomy decreased to 53%**. Anyway, we continued to accelerate growth and invest in the Energy Transition, with **Gross investments** increasing more than 2x to €2.3 bn in 1Q22, of which 99% allocated to renewables and electricity networks activities.

**Renewables represented 75% of electricity generated** by EDP in 1Q22, which compares with 85% in the same period last year.

**Specific CO2 emissions** increased in 1Q22, as explained before, on the other hand Pecém power plant, in Brazil, was not requested to operate during the first quarter, as the reservoirs recovered across the country during the last months.

**Total waste increased by 37% YoY**, mainly explained by the increase in the operation of the Iberian thermal power plants.

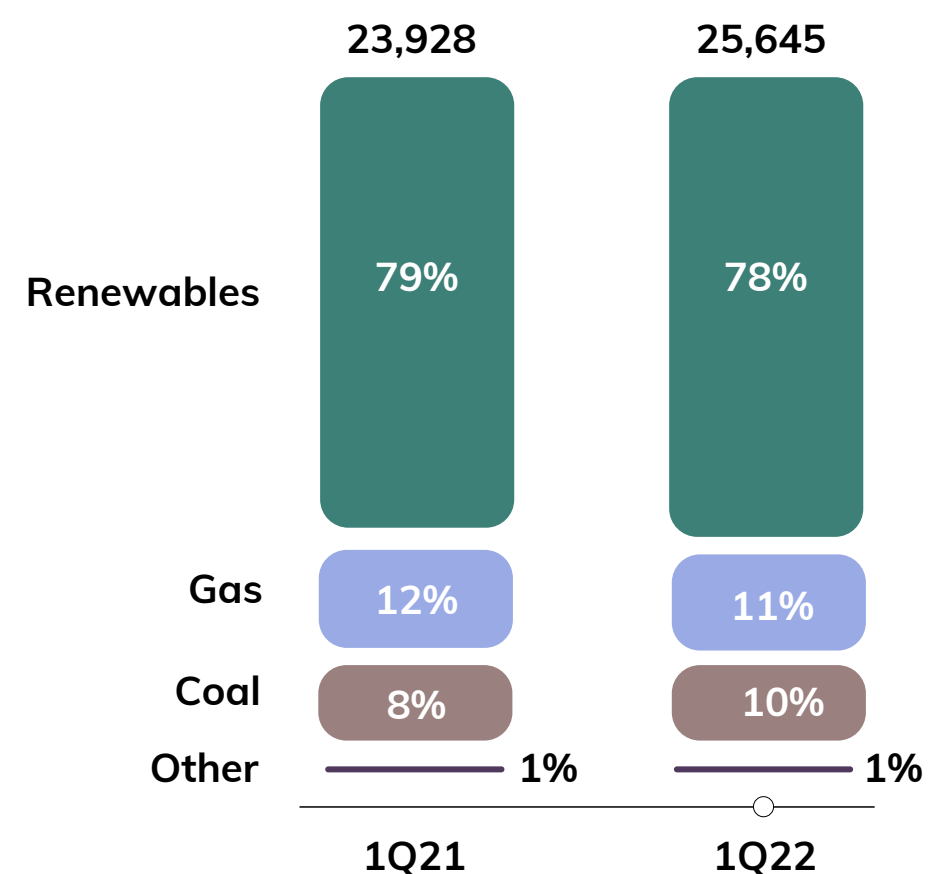
**Accident Frequency rate** increased to to 1.4 in 1Q22 (+4% YoY), in an unfortunate quarter, in particular within our service providers. EDP continues determined to strengthen the culture of Occupational Health and Safety, having started in 2021 a new program, “Playitsafe”, to raise awareness of the importance of building and adopting safe habits at EDP.

**In 1Q22, female representation stood at 27%** of EDP’s workforce representing 1p.p. increase versus 1Q21.

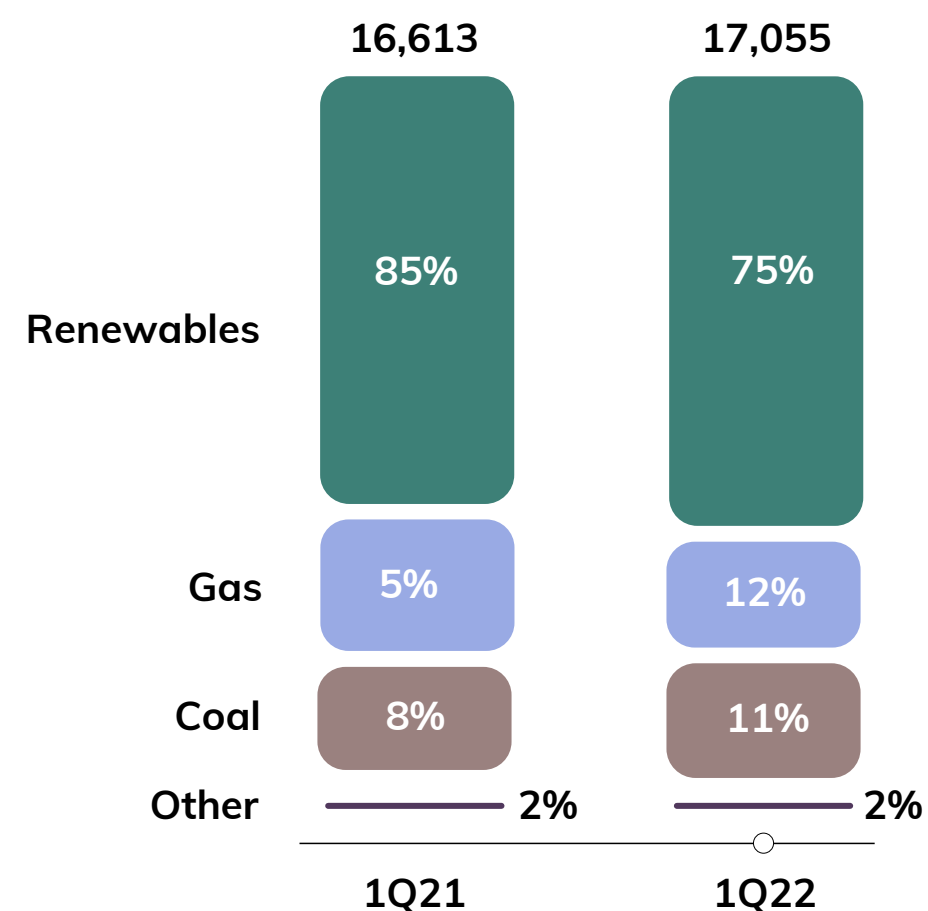
○ Sustainable Finance Disclosure Regulation (SFDR) Indicator  
1. Above the high performing norm, including results of surveys done to more than 875,000 employees in 50 high performing organizations and is based on company financial performance and engagement and enablement scores. 2. Number of accidents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

## OPERATIONAL HIGHLIGHTS COMMITTED TO A RENEWABLES PATH

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



### ○ Electricity Generation (GWh)



### Hydro Coefficient (%)

	1Q22	1Q21	Δ %
Portugal	30%	128%	-98p.p.
Spain	50%	130%	-80p.p.
Brazil <sup>3</sup>	110%	74%	+36p.p.

### Renewables Index<sup>4</sup> (%)

	2%	-3%	+0,1p.p.
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### Electricity distributed (GWh)

	22 077	21 814	1%
Portugal	11 925	11 631	3%
Spain	3 431	3 545	-3%
Brazil	6 721	6 638	1%

### Customers connected (#th)

	11 459	11 299	1%
Portugal	6 386	6 310	1%
Spain	1 378	1 371	0%
Brazil	3 698	3 617	2%

### Total Energy consumption

	10 062	6 912	46%	○
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### Total Renewable consumption (GWh)

	546	546	0%	○
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#### Fuel

	1	1	-6%	○
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#### Electricity

	545	545	0%	○
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#### Self-generated non-fuel renewable energy

	544	529	3%	○
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### Total Non-Renewable consumption

	9 516	6 366	49%	○
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#### Fuel

	9 243	6 088	52%	○
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#### Electricity

	273	278	-2%	○
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### Energy consumption intensity (MJ/€)

	6	8	-25%	○
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○ Sustainable Finance Disclosure Regulation (SFDR) Indicator

1. EBITDA MW; 2. Other includes Nuclear, Cogeneration & Waste; 3. Brazil hydro coefficient refers to ENA index; 4. Renewables Index (vs. LT avg. Gross Capacity Factor).



## NEW SERVICES HIGHLIGHTS COMMITTED TO DRIVE NEW CLIENT SOLUTIONS AND SMARTER NETWORKS

### Energy efficiency

	UNIT	1Q22	1Q21	Δ %
Energy Services Revenues / Turnover <sup>1</sup>	%	9.7%	8.1%	+2p.p.
Energy Efficiency Services Revenues	€ m	104	74	41%

### Distributed solar

<b>As a service - Installed Capacity<sup>2</sup></b>	<b>MW<sub>ac</sub></b>	<b>438</b>	<b>64</b>	<b>580%</b>
Portugal	MW <sub>ac</sub>	54	40	34%
Spain	MW <sub>ac</sub>	6	1	-
Brazil	MW <sub>ac</sub>	49	23	110%
US	MW <sub>ac</sub>	71	-	-
APAC	MW <sub>ac</sub>	257	-	-
Other	MW <sub>ac</sub>	1	0	-
<b>Secured Capacity<sup>3</sup></b>	<b>MW<sub>ac</sub></b>	<b>333</b>	<b>48</b>	<b>592%</b>

### E-mobility

Light fleet electrification	%	12%	12%	+0p.p.
Electric charging points <sup>4</sup>	#	3 280	2 396	37%
Clients with electric mobility solutions	#	38 700	30 700	26 %

### Smart meters

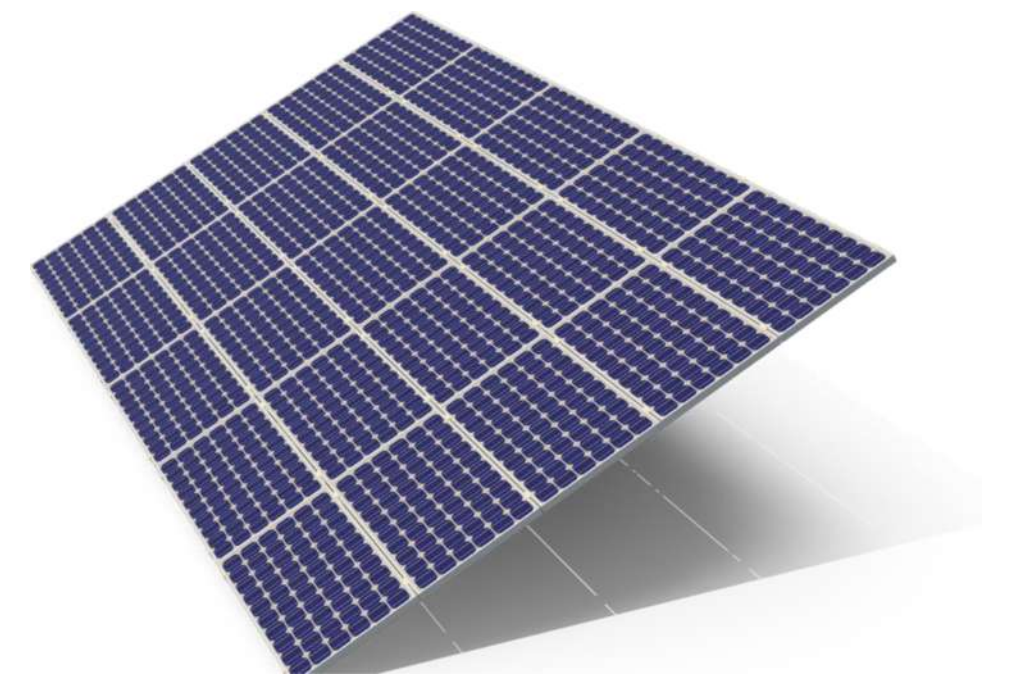
Iberia	# m	5.5	4.8	16%
Brazil	# m	0.4	0.3	27%

### Electricity grid losses

Portugal	%	8.7%	9.6%	-0.9p.p.
Spain	%	5.6%	5.9%	-0.3p.p.
Brazil (São Paulo)	%	9.2%	9.5%	-0.3p.p.
Brazil (Espírito Santo)	%	13.4%	13.5%	-0.1p.p.

### Customers with Sustainable Services<sup>5</sup>

<b>CO<sub>2</sub> savings downstream<sup>6</sup></b>	ktCO <sub>2</sub>		8 950	+1p.p.
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1. Energy service: Services provided under energy supply, installation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company;  
2. As a service capacity installed at EOP, including inorganic capacity. 3. Cumulative secured capacity during business plan 21-25. 4. Installed - Includes public, private and charging points inside EDP facilities; 5. Sustainability Services concept aligned with EU taxonomy. Excludes Health Insurance, Fatura Segura and Gas Certification. Includes only B2C electricity clients; 6. CO<sub>2</sub> avoided by carrying out efficiency improvement measures that lead to a reduction in customer consumption, as well as measures to replace energy sources with other less CO<sub>2</sub>-emitting ones, namely replacing fossil fuels with renewable energy sources or sustainable mobility - 2021 annual value;

# ENVIRONMENTAL HIGHLIGHTS COMMITTED TO A CARBON-FREE ECONOMY

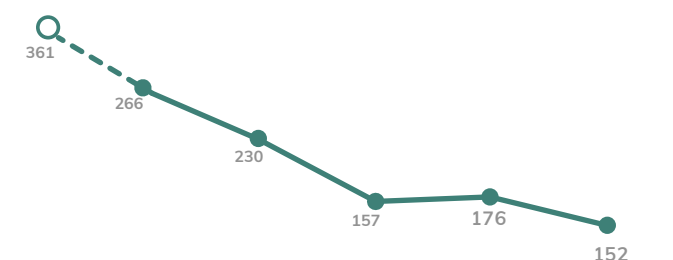
	1Q22	1Q21	Δ %	
<b>Greenhouse gas emissions (ktCO<sub>2</sub>eq)</b>				
Scope 1 & 2 Emissions Intensity (gCO <sub>2</sub> /kWh)	152	112	35%	○
Scope 1 GHG Emissions	2 345	1 686	39%	○
Scope 2 GHG Emissions <sup>1</sup>	228	169	13%	○
Scope 3 GHG Emissions <sup>2</sup>		10 304		○
Avoided emissions	6 881	7 318	-6%	
<b>Air quality (kt)</b>				
NOx emissions	1.27	1.50	-15%	○
SO <sub>2</sub> emissions	0.52	2.37	-78%	○
Particulate matter emissions	0.07	0.40	-83%	○
<b>Water management (10<sup>3</sup>m<sup>3</sup>)</b>				
Total freshwater withdrawn	2 738	2 848	-4%	
Total freshwater consumed	2 361	2 661	-11%	
<b>Coal &amp; Waste management (t)</b>				
Total waste disposal	69 902	50 823	38%	
Total coal combustion waste disposal	2 792	9 320	-70%	
Average waste recovery rate (%)	98%	83%	+15p.p.	
Hazardous waste	1 590	1 378	15%	○
<b>Environmental matters (€m)</b>				
Environmental CAPEX	19	14	39%	
Environmental Expenses <sup>5</sup>	212	37	480%	
Environmental fines and penalties (€ th)	1	11	-91%	
Vegetation management <sup>3</sup>	3.1	4.2	-26%	
ISO 14001 Certification (%)	85%	93%	-8p.p.	
<b>Low carbon economy (%)</b>				
EBITDA in Renewables	57%	52%	+6p.p.	
CAPEX in Renewables	80%	67%	+13p.p.	
Revenues from coal	7%	4%	+3p.p.	○
Revenues aligned with EU taxonomy <sup>2</sup>	53%	66%	-15p.p.	
CO <sub>2</sub> / Revenues <sup>4</sup>	0.47	0.60	-22%	○

○ Sustainable Finance Disclosure Regulation (SFDR) Indicator

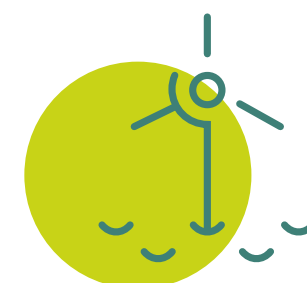
1. Scope 2 emissions according with GHG Protocol based location methodology. 2. Annual Indicators - 2021 value; 3. Vegetation management includes CAPEX and OPEX. 4. Defined as the company's annual GHG emissions (Scope 1 and Scope 2), expressed as metric tons of carbon dioxide equivalent (tCO<sub>2</sub>eq) emissions, divided by revenues for the corresponding year, expressed in millions of euros. 5. Includes CO<sub>2</sub> allowances.



-58% (vs. 2015) Scope 1 & 2 Emissions Intensity



Scope 1 & 2 Emissions Intensity



+ 1,6 GW of Wind and Solar added YoY



53% Revenues aligned with EU taxonomy in 1Q22



FOR MORE INFORMATION  
PLEASE CHECK OUR  
BIODIVERSITY REPORT





SOCIAL HIGHLIGHTS COMMITTED TO PROVIDE A FAIR AND SAFE WORKPLACE

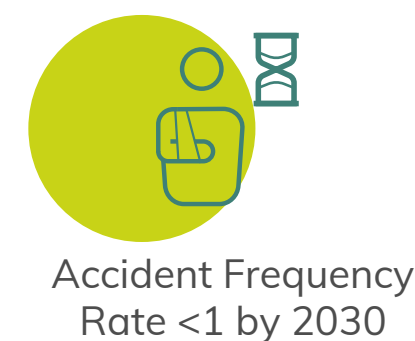
	UNIT	1Q22	1Q21	Δ %
Employment				
Employees	#	12 899	12 063	7%
Female employees	%	27%	26%	+1p.p.
Female/Male fixed salary	x	1.10	1.04	5% ○
Employee Engagement <sup>1</sup>	%	76%	80%	-4p.p.
Employee Enablement <sup>1</sup>	%	71%	74%	-3p.p.
Employee Turnover	%	2.7%	4.0%	-1p.p. ○
Absenteeism	%	3.6%	2.8%	+1p.p.
Disability Hires	%	5	-	-



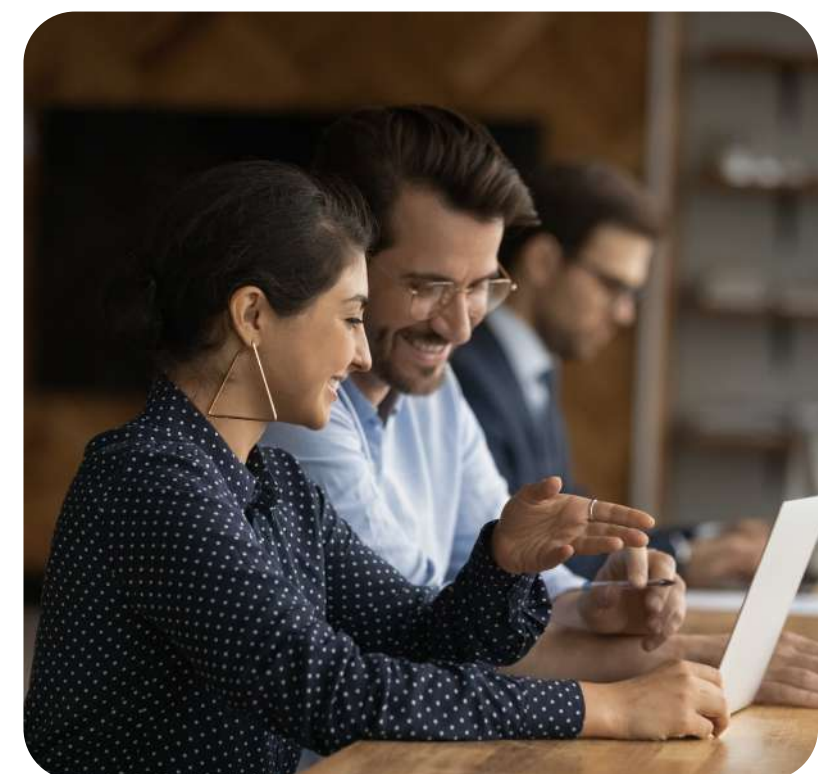
Training				
Total hours of training	h	61 427	67 064	-8%
Employees with training	%	65%	77%	-12p.p.
Direct training investment	€ th	607	469	29%



Health and Safety				
Accidents with lost workdays EDP	#	4	3	33%
Accidents with lost workdays contractors <sup>3</sup>	#	20	26	-23%
Fatal work-related injuries EDP	#	0	0	-
Fatal work-related injuries contractors	#	2	2	0%
Frequency rate EDP	Fr	0.68	0.55	24%
Frequency rate contractors	Fr	1.73	1.6	8%
Total recordable injury rate	RFr	1.89	2.22	-15% ○
Total recordable injury rate EDP	RFr	1.02	0.55	85% ○
Total recordable injury rate contractors	RFr	2.29	2.74	-16% ○



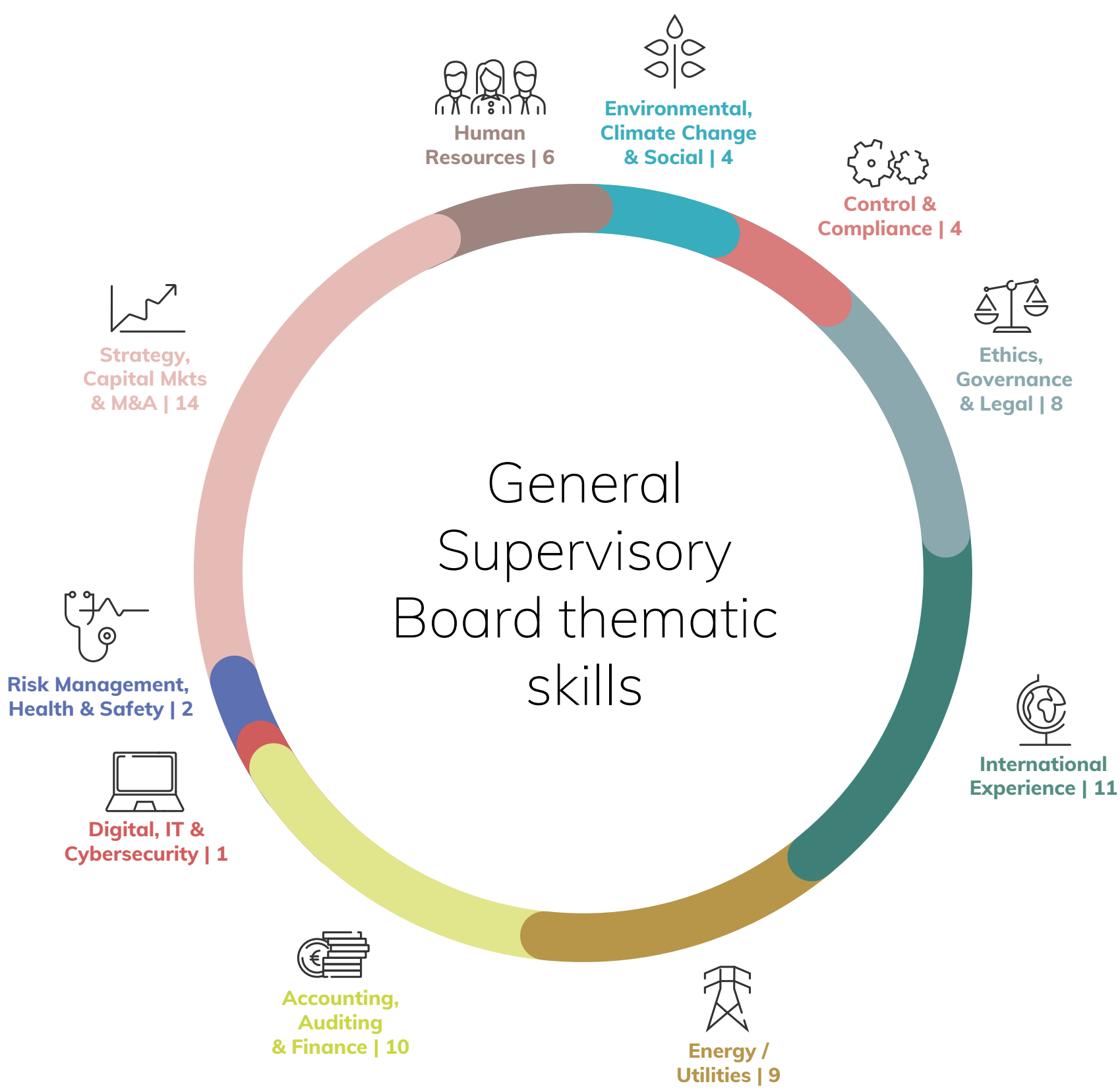
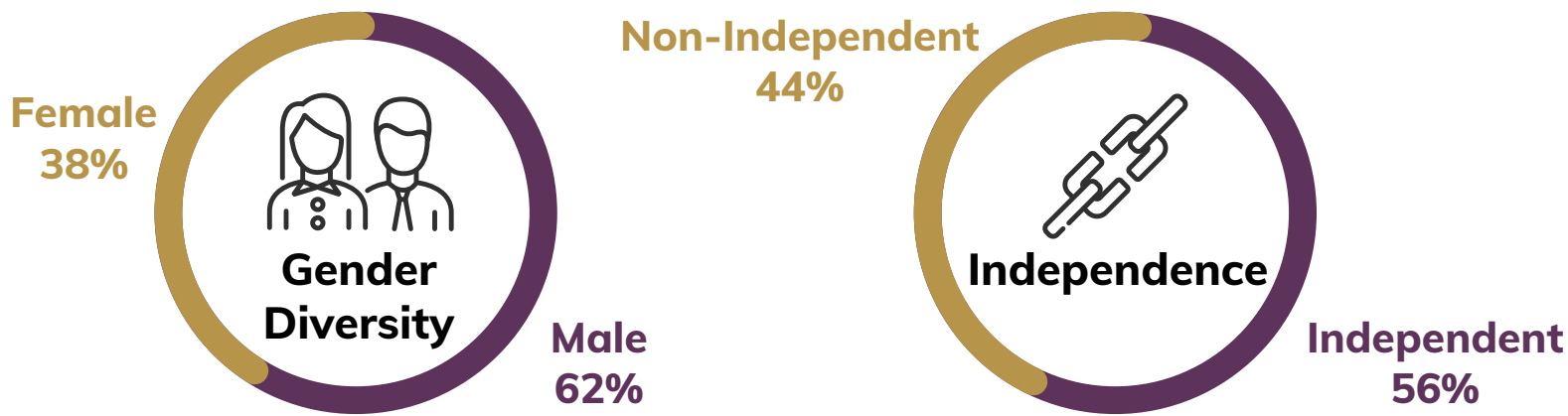
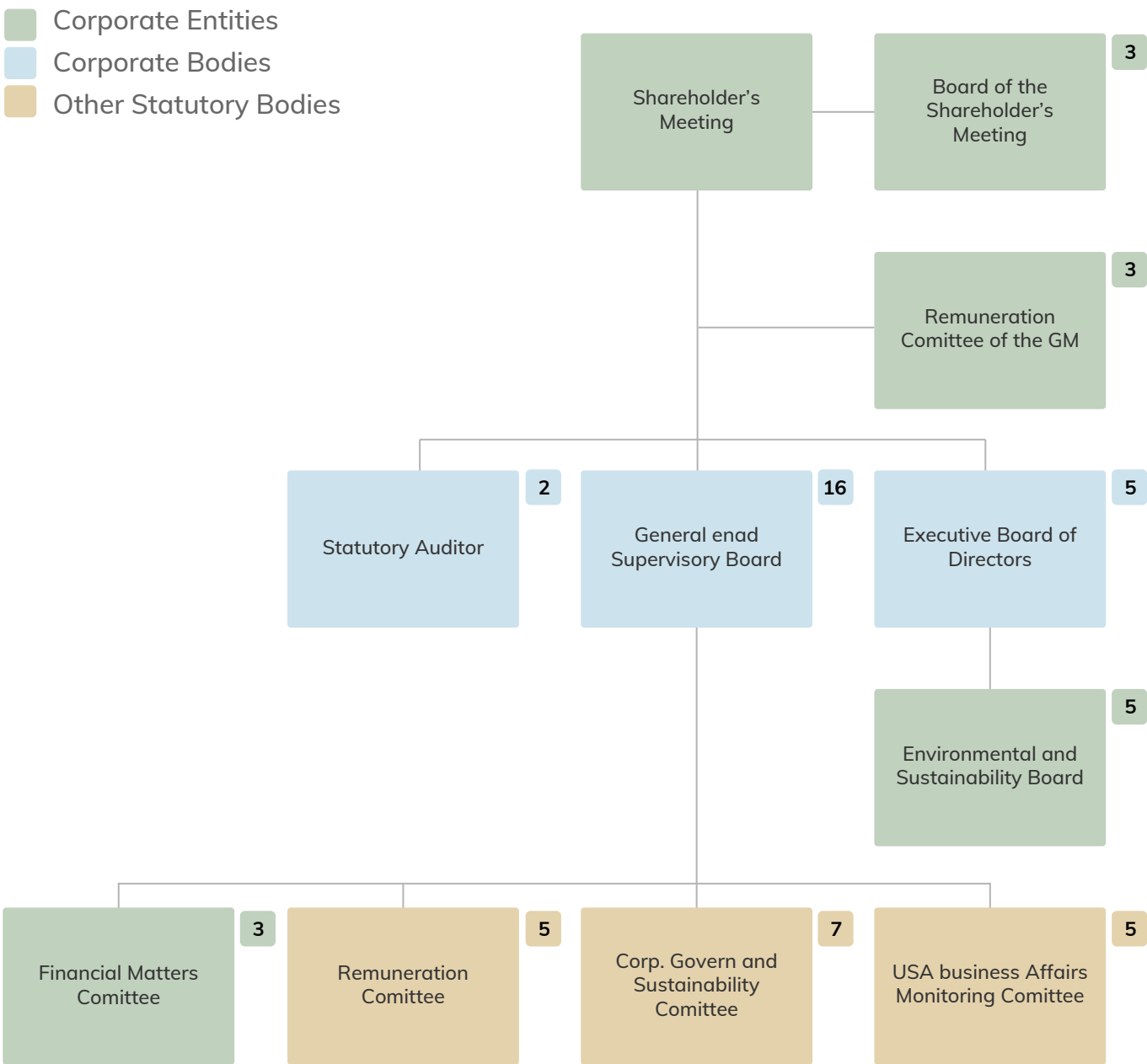
Social Investment				
Beneficiary Entities	#	156	106	47%
EDP volunteers	#	564	577	-2%
EDP time used in volunteering	h	732	1 175	-38%



○ Sustainable Finance Disclosure Regulation (SFDR) Indicator  
1. For 2020, number of employees including Viesgo, all other employment figures do not include Viesgo. 2. Engagement - reflects the involvement and commitment by employees; Enablement - reflects the the perception of organizational support by employees. 3. Accidents occurred at the place and working time or on a journey, with 1 or more days of absence and fatal accidents.

# GOVERNANCE HIGHLIGHTS COMMITTED TO THE BEST PRACTICES

**General and Supervisory Board**  
Approved on the General Shareholders' Meeting on the 14<sup>th</sup> April 2021  
Reduced number of members from 21 to 16



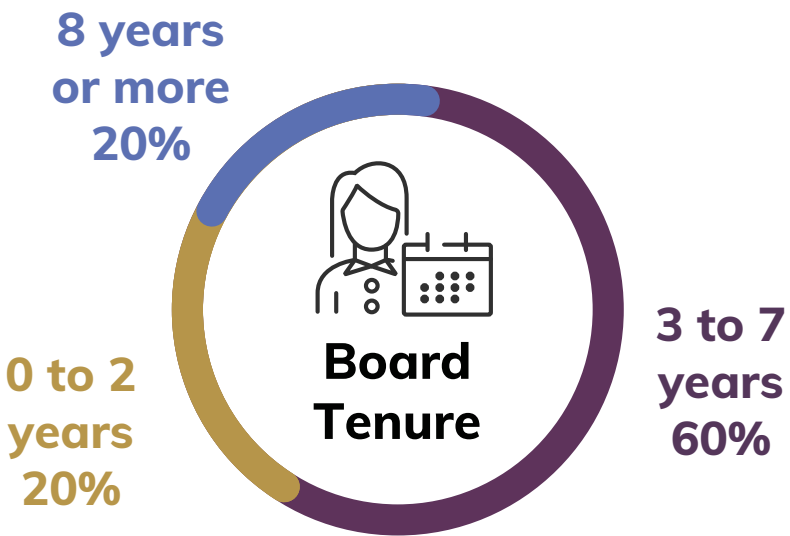
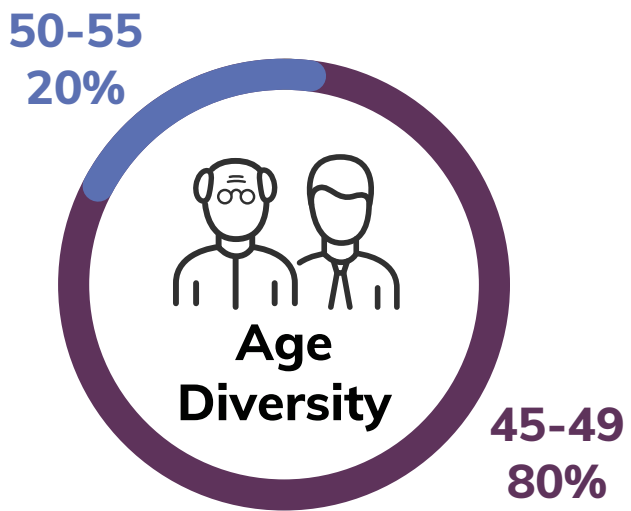
Independent, diverse and experienced General Supervisory Board with a strengthened cohesion  
Full-time and independent Chairman

- ELECTION OF THE MEMBERS OF THE GSB (1/2)
- ELECTION OF THE MEMBERS OF THE GSB (2/2)
- ANNUAL REPORT OF THE GSB



# GOVERNANCE HIGHLIGHTS COMMITTED TO THE BEST PRACTICES

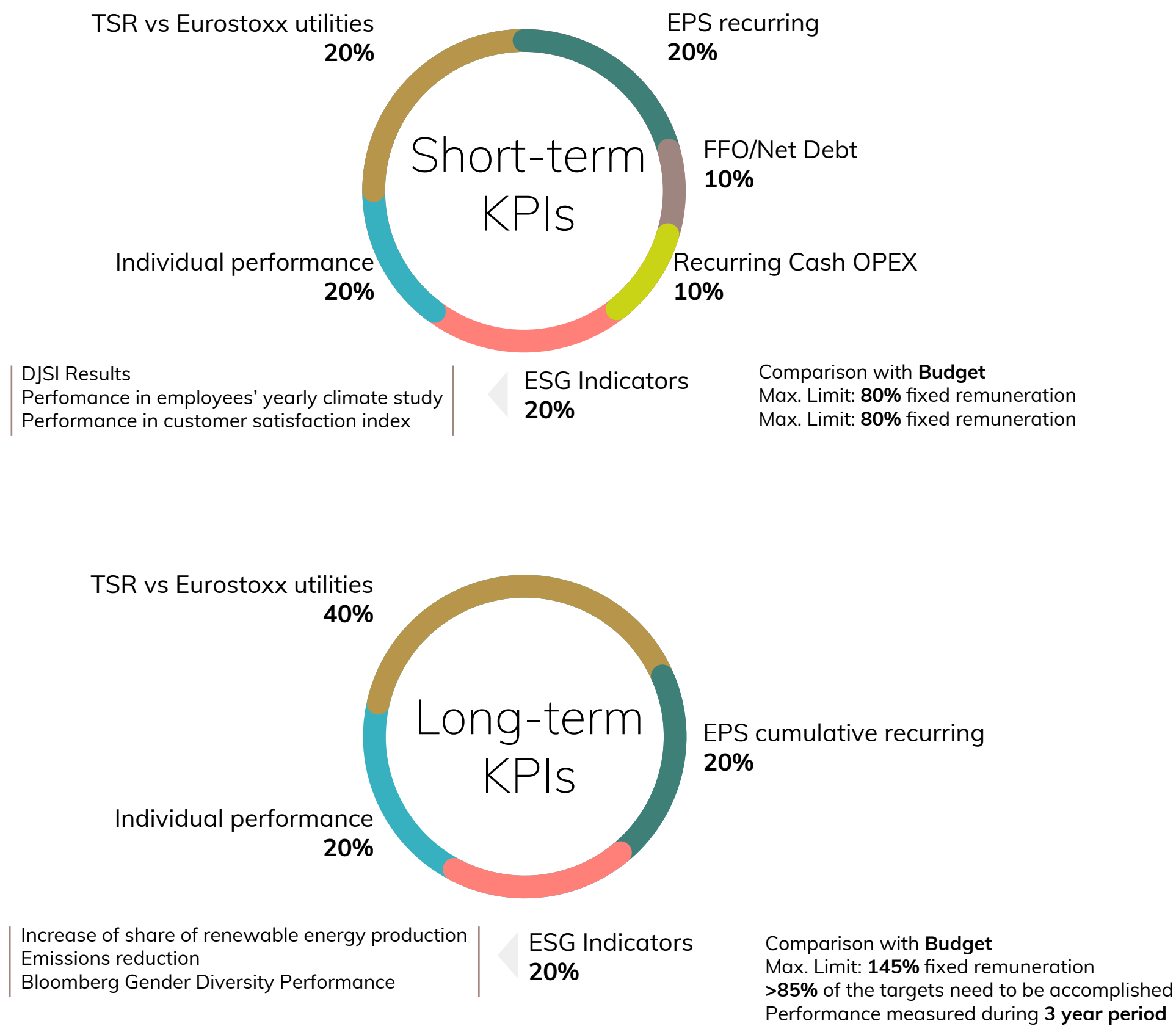
**Executive Board of Directors**  
Approved on the Extraordinary General Shareholders' Meeting on the 19th January 2021  
Reduced number of members from 9 to 5



**i** ELECTION OF THE MEMBERS OF THE EBD

GOVERNANCE HIGHLIGHTS OVERVIEW OF THE REMUNERATION POLICY

New Remuneration Policy aligned with Best Practices  
Approved on the General Shareholders Meeting on the 14<sup>th</sup> April 2021





# DIGITALIZATION & INNOVATION HIGHLIGHTS COMMITTED TO DRIVE TRANSFORMATION

## DIGITALIZATION

			UNIT	1Q22	1Q21	Δ %
Global	Global	Digital CAPEX	€ m	273	42	
		Cybersecurity	bitsight rating	800	800	0%
Digital Business	Customer	Selfcare Interactions <sup>1</sup>	%	80%	71%	+9p.p.
		Electronic Invoices <sup>1</sup>	%	40%	36%	+4p.p.
	Assets & Operations Enterprise	Predictive Maintenance <sup>1,2</sup>	%	65%	66%	-1p.p.
Digital Enablers	Data & Technology	Applications in the cloud <sup>1</sup>	%	61%	53%	+8p.p.
	People & Organization	Employees w/ digital training <sup>1</sup>	%	81%	77%	+4p.p.
		Employees in Collaborative Initiatives <sup>1</sup>	%	26%	17%	+1p.p.

## INNOVATION

Innovation Team	Total investment (TOTEX) <sup>3</sup>	€ Mn	24	17	44%
	Employees <sup>3</sup>	#FTE	340	288	18%
Investment Portfolio	Ongoing investments VC	#	38	36	6%
	VC investment	€ Mn	1.4	1.7	-17%
	VC investment cumulative <sup>4</sup>	€ Mn	40.2	35.5	13%










On the road to decarbonization, EDP's R&D arm is actively fostering the adoption of offshore renewables and offshore renewables-to-hydrogen solutions to meet the net-zero targets. Two practical examples are the EU-SCORES and BEHYOND projects.

In EU-SCORES, we will demonstrate the combination of offshore wind with wave and offshore solar PV energy. These multi-source parks will use offshore space more efficiently and balance the electricity grid to achieve a resilient and cost-effective 100% renewable energy system. Moreover, an in-depth assessment of the complementarity between offshore wind and wave energy will be made using Windfloat Atlantic and Aguçadoura's CorPower array data. A tailored business case will support this analysis for a 22 MW wind/wave and potential hydrogen in addition to the 25 MW WindFloat Atlantic floating wind system. BEHYOND project, successfully concluded in the end of 2021, assessed (technically and economically) solutions for hydrogen production from offshore wind energy. These solutions can be deployed worldwide, producing and transferring hydrogen on a large scale allowing for the decarbonization of the hard-to-abate sectors.

1. Changes in scope of reporting limits comparability; 2. Generation (PT & SP), EDPR & EDP Brasil;  
3. Excluding Brazil in 2020; 4. Net of disinvestments;

# ESG RATINGS COMMITTED TO EXCELLENCE


RATER	RANGE	SCORE	RANKING	LAST ASSESSMENT
<div>Member of</div> <div><b>Dow Jones Sustainability Indices</b></div> <div>Powered by the S&amp;P Global CSA</div> <div>1</div>	0/100	91	1 <sup>st</sup>	Nov-21
<div></div> <div>FTSE4Good</div>	0/5		Top 6%	
<div></div> <div>EURONEXT V.E. INDICES</div> <div>1</div>	0/100	71	3 <sup>rd</sup>	Sep-20
<div></div> <div>Corporate ESG Performance</div> <div>ISS ESG Prime</div>	D <sup>-</sup> -A <sup>+</sup>	B <sup>+</sup>	n.a.	Dec-21
<div></div> <div>SUSTAINALYTICS</div> <div>a Morningstar company</div> <div>2</div>	100-0	19,4	n.a.	Dec-21
<div></div> <div>MSCI ESG RATINGS</div> <div>AAA</div>	CCC-AAA	AAA	Top 7%	Apr-21
<div></div> <div>CDP A LIST 2020 CLIMATE</div>	D <sup>-</sup> -A	A <sup>-</sup>	n.a.	Dec-21
<div></div> <div>CDP A LIST 2020 WATER</div>	D <sup>-</sup> -A	A <sup>-</sup>	n.a.	Dec-21



✓ Top quartile in ESG rating performance



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



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

1. The comparable peers exclude companies that manage transmission grids, only includes the ones that handle throughout the electricity value chain and electricity/gas supply. S&P ranking is considering the members' companies of DJSI World and Europe; 2. The ESG Risk Rating measures a company's exposure to industry-specific material ESG risks and how well a company is managing those risks (opposed to a score). This rating distinguishes five levels ranging from 100 (Severe) to 0 (Negligible). EDP is considered to have a medium level of risk.





For further information please visit our [sustainability report](#) and our ESG DAY page available in our [website](#)