

ENERGY

edp

CHANGING
TOMORROW
NOW

EDP ESPAÑA
SUSTAINABILITY REPORT 2020

ENE RGY

edp

CHANGING
TOMORROW
NOW

Four decades innovating and progressing with and through a better energy have made us pioneers of the green revolution. The change has been key to our commitment to offer and build a flexible network of efficient, smart and sustainable energy solutions. Leading the energy transition by investing in renewable energies is more than a responsibility or a vocation. It means taking generations further, promoting the decarbonisation of production and energy consumption. It is our contribution to a more balanced and sustainable, inclusive, diverse and humane planet.

**We're changing tomorrow now,
anywhere everywhere.**

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GREEN WAVE

FROM DISRUPTION
TO EVOLUTION

Changing tomorrow now.



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01

STARTING POINT

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1.1.1.

LETTER FROM THE CHAIRMAN

Manuel Menéndez Menéndez

It is hard to define year 2020 and the special complications derived from the pandemic caused by COVID-19. It is a matter that goes beyond the scope of the letter heading this Report, but on which I do wish to – and must – focus to analyse EDP's activity in Spain. The resilience and the ability to anticipate of the company, which provides an essential service, allowed to maintain the levels of activity and to coordinate important measures to respond to the pandemic, regarding both service and impact on the environment.

In addition to this pandemic that seems to envelop everything, we cannot forget the major challenge involved by climate change. In this sense, the EU keeps leading the global response thereto and aspires to become the first climate-neutral continent by 2050. In order to achieve this goal, it plans to act on every sector of the economy, invest in environmentally friendly technologies and collaborate with international partners to improve the global environmental standards.

“The resilience and the ability to anticipate of the company, which provides an essential service, allowed to maintain the levels of activity and to coordinate important measures to respond to the pandemic”.

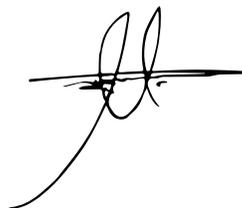
The magnitude of the challenge of the investments announced in the 2019 European Green Deal and the boost of the Recovery Plan, Next Generation, to transform Europe and build a new society adapted to the future challenges exceeds the capacity of the public sector on its own. The private sector, especially the financial and energy sectors, has a vital role to play in the achievement of these goals to (1) redirect investments towards more sustainable technologies and businesses, (2) finance long-term growth and (3) contribute to the creation of a low-carbon emitting and climate-resistant circular economy.

Once again, EDP's strategy is aligned with this context. We promote energy transition in a framework of an ESG (Environmental, Social and Corporate Governance) commitment, based on three major platforms: investment in renewables, grids and customers and energy management.

In this scenario, EDP's position in Sustainability assumes all these lines for action and creates value for all the stakeholders, from shareholders to the society as a whole. We are in a sector that is going to play a paramount role as a driving force of the economy, not only because of the heavy investments required, but also for the pulling power it exerts over other sectors, since it carries out initiatives in the new European and global framework.

As usual in this letter, I would like to express my recognition, on behalf of the Board of Directors I chair, of the work performed by all the people comprising the EDP team, and also of the General Supervisory Board and the Executive Board of Directors of the Group, for supporting the development of the company in Spain. This year, more than ever, I would like to emphasise the clear and determined commitment of all of them in these difficult circumstances and extend my recognition to the work performed by the Crisis Management and Business Continuity Plan Monitoring Committee, which, throughout the year, ensured the organisation of the work for the energy supply.

Thank you very much.



Manuel Menéndez
EDP España Chairman

“We are in a sector that is going to play a paramount role as a driving force of the economy, not only because of the heavy investments required, but also for the pulling power it exerts over other sectors, since it carries out initiatives in the new European and global framework”.



1.1.2.

LETTER FROM THE CEO

Rui Teixeira

This year again, the time has come to take stock and present the Sustainability Report of the past financial year, 2020, a very complicated year in health care, social and economic terms, as a consequence of the COVID-19 pandemic, which, as regards the Group, has entailed challenges that have made us stronger and more united than ever.

In these circumstances, I would like to start by recognising and thanking the entire team of EDP España, and the EDP Group as a whole, for the efforts they have made during this year, through their adaptation and energy, showing their huge resilience, efficiency and ability to anticipate.

Thus, the availability of our generation plants, the quality of the supply and the customer care service have been guaranteed at all times, while maintaining the strictest health and safety levels not only for employees, but also for customers and suppliers. This is reflected in the data on the incidents of our workforce or the accident rate, once again proving that we are all responsible for watching, adopting and adapting all the preventive aspects available.

“I would like to start by recognising and thanking the entire team of EDP España, and the EDP Group as a whole, for their efforts”.

“The strategy of the EDP Group, aligned with a vision of leadership in the energy transition, has allowed to materialise in 2020 two major corporate operations that have increased the weight of EDP España in the Group”.

The strategy of the EDP Group, aligned with a vision of leadership in the energy transition, has allowed to materialise in 2020 two major corporate operations that have increased the weight of EDP España in the Group. They are the sale of the B2C customer portfolio and the two Castejón combined-cycle plants to the French oil company Total, and the acquisition of Viesgo from the Australian investment fund Macquarie, thus integrating the Viesgo and Begasa companies into the activities of the Group in Spain.

Highly significant results for the EDP España Group have been consequently obtained, with an EBITDA of 347 and a net profit of 141. With an eye already on 2021, we expect an even more complex scenario in which we are going to continue identifying opportunities for improvement and creating value for all the stakeholders, while maintaining a strong commitment to large customers and new downstream products and services, which will allow us to fulfil our strategic plan and build a more sustainable future.

In the Generation area, the Just Transition Mechanism will mobilise significant funding during the 2021-2027 period. In this respect, different projects are being studied for the existing sites, in direct conversation with the administrations involved and through the calls for expressions of interest for local projects.

Thus, it includes projects related to sustainable hydrogen, energy storage or new hydraulic uses, all in line with the Group's strategy and aimed at promoting economic revival and job creation in the affected areas.

With the addition of Viesgo and Begasa, the distribution activity of EDP España has doubled, reaching 50,000 km of lines and 1.3 million of supply points. This transaction gave rise to the Vega project, through which the companies' best practices will be identified for a more effective integration through operating synergies. Undoubtedly, one of the drivers will be digitisation, as regards which we will continue making the grids smart in order to gain increased flexibility and efficiency.

Monitoring the low-voltage grid quickly, accurately and in real time allows to get ahead of potential faults, to improve maintenance or to introduce new events in the distribution central office, such as anomalies or frauds. These new grid management functions allow to prepare the grids for the transformation of the energy sector, mainly through the integration of self-consumption and the electric vehicle.

Indeed, in the retail area, through EDP Solar, we compete to lead the self-consumption market in Spain, for which we have

deployed a series of strategic partnerships with prominent companies in their respective sectors, which allows us to use their channels and bring solar energy closer to the people in a simple, personalised and inexpensive way.

As outstanding business milestones, we should mention the agreement with Orange to install photovoltaic systems in the antennas of the second telecommunications operator in Spain, or the implementation of the first 'Barrio Solar' (Solar Neighbourhood), in partnership with Ecodes and the Town Council of Zaragoza, as a collective self-consumption installation that includes vulnerable families.

In electric mobility, 'MiVē' is the first comprehensive mobility service, fully configurable by the customer, which meets all the charging needs at home and on the road, and provides other mobility-related services, such as a wide assistance range in partnership with Axa. With this innovative service, EDP takes a step further in its commitment to electric mobility, strengthening its strategy of putting at the disposal of its customers the most innovative solutions adjusted to every need.

These initiatives are part of the Group's Sustainability Plan in Spain, which is completed with a strong commitment to society and the environment. Thus, we have approved EDP España's

Circular Economy Strategy, through which we promote not only a more efficient consumption of resources and a circular management of equipment, but also new business models based on services, collaborative platforms, virtualisation and dematerialisation of processes, in line with the innovation strategy of the Group.

Even though 2020 has been the year of the pandemic, Innovation has not stopped, as innovating involves anticipating and adjusting to any kind of change. We have executed Innovation projects in EDP's strategic lines, we have started collaborations with start-ups, and we have been present in national and international forums. This year, we have added hydrogen to the portfolio of activities within the cleaner energy and energy storage strategic lines, given the importance this technological field has acquired.

In this complicated year, we have intensified our relationship with local communities, committing to economic revival, job creation and social support. In this line, a new Entama series has selected entrepreneurs' projects that, without a doubt, will boost economic revival and job creation in the localities in which we operate. In these regions, we have also initiated new projects of the Group's Climate Change Adaptation Plan, such as 'Hectárea Zero' (Hectare Zero), for fixing hillsides in adverse weather conditions. All this without forgetting our social action, which, due to the special circumstances, has revolved around the COVID-19 Social Forum, which we created internally and which has mobilised a significant number of

resources and EDP volunteers, in actions targeted on the most disadvantaged groups.

All these projects and initiatives are a clear reflection of the Group's position in Sustainability, with the vision to lead the energy transformation, creating value for all the stakeholders, based on decarbonisation and commitment to society and the environment, clearly in line with the United Nations 2030 Agenda and its Sustainable Development Goals, as well as with the Principles of the Global Compact, a network to which we have renewed once again our adherence.

I conclude this letter as I started it, by thanking all the human team of EDP España for their commitment, and I would like to ask them to continue being an example of responsible behaviour, as they have proven so far.

Finally, I would like to thank the Board of Directors for their support, which was essential to achieve and maintain the attained performance and to face the future challenges.



Rui Teixeira
CEO EDP España

“Even though 2020 has been the year of the pandemic, Innovation has not stopped, as innovating involves anticipating and adjusting to any kind of change”.

1.2. Our year

1.2.1. Management of the health care crisis

On 6 March 2020, the EDP Group's Contingency Plan was activated in EDP España and, immediately, the Pandemic or Crisis Management Cabinet was constituted, as provided in the Crisis Management and Business Continuity Plan, hereinafter CMBCP, in its latest updated 2019 version.

Which was the background of this significant event?

In December 2019, a group of pneumonia cases was reported in the city of Wuhan (province of Hubei, China), which had in common the exposure to a wholesale seafood, fish and live animal market. On 7 January 2020, the Chinese authorities identified as the causative agent of the outbreak a new virus from the coronavirus family, which was subsequently named SARS-CoV-2. On 12 January, the Chinese authorities shared the gene sequence with the World Health Organization (WHO). The disease caused by this new virus has been called, by international consensus, COVID-19.

The Emergency Committee of the International Health Regulations (IHR, 2005) declared the outbreak a Public Health Emergency of International Concern in its meeting of 30 January 2020. Up to 23 March 2020, 294,110 confirmed cases, including 13,606 deaths, had been notified to the WHO. In the European Union and the United Kingdom, 160,233 confirmed cases and 8,622 deaths had been notified up to that moment.

In Spain, the Ministry of Health issued its first public opinion about the crisis on 22 January, and it conveyed a message of calmness and trust in our health alert coordination system. On 23 January, Fernando Simón appeared for the first time before the media. On 28 January, the Council of Ministers addressed for the first time the coronavirus crisis, with the report of the minister of Health about the situation following the outbreak originated in China.

The first COVID-19 case in Spain occurred in the island of La Gomera. It was a German tourist who tested positive for coronavirus, 'practically without symptoms'.

On 15 March, the Spanish Government decreed the first state of alert, which, after several consecutive extensions, was extended until 21 June. At that moment, it established the rules applicable to the easing of the lockdown and the transition into a new normality. However, the worsening of the pandemic after the summer forced the Government to decree a second state of alert at the request of the autonomous regions, in order to provide constitutional cover for the restrictive measures that were necessary to impose, although without reaching the point of a total lockdown. After one single extension approved by the national Parliament, this state of alert will be in force until 9 June 2021. The management of the restrictive measures has been delegated to the autonomous regions within the framework set out by the state of alert decree.

By the end of 2020, the positive cases in Spain went above two million, including more than 51,000 deaths recorded.

The Pandemic or Crisis Management Cabinet met for the first time on 10 March 2020, comprised by the business and cross-cutting areas directly involved in the management of the crisis caused by the pandemic. Since then, it has been meeting on a regular basis, twice a week on average as of today, to promptly deal with everything related to the crisis and its monitoring, as well as with the decisions on the measures to be implemented and their assessment.

At the beginning, in accordance with the CMBCP and once the pandemic situation was confirmed, the mentioned Cabinet set out the business continuity key indicators, established and conducted the monitoring and developed two types of actions:

- Recovery/business continuity actions
- Communication actions

As regard the first ones, it started an estimation of the possible impacts of the pandemic on our activity, our employees and our customers, and, as a consequence, it prepared a planning of measures which were adopted to mitigate such impacts. Likewise, it issued usage rules during the pandemic to prevent the spreading of the virus in the work centres, including the implementation of teleworking and flexibility measures (staggered shifts), as well as the provision of protective resources for our employees, our partner companies and our customers, communication, information and health care, and the coordination with external organisations and support to the community.

The two essential and simultaneous goals were to preserve the health and safety of the people of our organisation and ensure the continuity and security of the supply to our customers. For this purpose, a classification was urgently established to categorise the essential or critical staff – mainly from the operational areas – in connection with the second goal.

The communication actions were focused on our employees, partner companies, companies from the energy industry and customers, in addition to a close coordination with the EDP Group, by participating in the different operating groups that were created to manage the fight against the pandemic in an effective way.

From the practical point of view, all these actions were translated into a list of tasks, specifying their direct managers and quantified goals, which must be performed within the set deadlines.

As regards prevention, it was essential to establish the list of individual and group protection measures against infections, for the general information and education of the entire organisation, and the supply actions.

Summary of the Pandemic Management Cabinet in 2020: more than 3,600 hours

- More than 100 meetings
- Average duration of each meeting: 2 hours
- With an average attendance of 18 people
- High level of engagement of the Management

Likewise, specific protocols were established on the containment of the disease, trips, journeys and meetings, cleaning and sanitising of premises, actions to monitor close contacts with infected people, requirements of the isolation places for the infected people in the workplace, and actions in the cases of detecting symptoms in EDP España's centres and premises.

In the so-called first wave of the pandemic, between the months of March and June, 8 infections were recorded in EDP España, involving 4 hospitalisations, and all of them were closed favourably with the recovery of the affected people.

The overcoming of this first wave throughout Spain made us hope that a near return to the so-called 'new normality' was possible, in which there would be a relevant recovery of the general activity, yet conditioned by the coexistence with the coronavirus for an undetermined time.

In the case of EDP, a Comeback Plan was designed based on the #Safecomeback model. The goal of this plan was to help businesses in the preparation of plans to restore their activity

entirely, to recover deferred or temporarily suspended activities, as well as organising the sequential return of our employees to our buildings and centres in Spain.

This plan had three stages: the first one, named Transition, was aimed at recovering the historical levels of activity while maintaining a high level of protection of employees, using individual and group protection measures to face a risk of infection that was still moderate. The second stage would be Monitoring, characterised by a low risk of infection and the reduction of the individual protection measures, albeit with conditions for the general return of the employees to the buildings and premises. The third stage would be the 'New Normal', involving a residual or inexistent risk of infection by COVID-19.

Nevertheless, it was soon proved that these expectations were not feasible and, after the summer, the so-called second wave started, which, further on, would be yet extended with a third wave. This way, in EDP España, the Transition stage is not over yet and by the end of 2020, the percentages of the operating situation of our staff have been stabilized: approximately a third is working onsite, another third is teleworking and the remaining third is in a hybrid situation combining the former two.

Despite everything, with the Comeback Plan barely initiated, numerous measures were implemented, including organisational ones, such as safety distance among people, capacity of halls, transport of staff, rules on the use of communal areas, procedures for the entries and exits from the workplaces (body temperature measurement, schedules, signs...), preventive measures related to cleaning, hygiene and access resources, as well as the management of goods, measures for specially vulnerable workers and measures for special situations.

Furthermore, on 15 June, it was activated the agreement with the IMOMA to perform PCR and antibodies tests to our employees in Asturias in order to detect asymptomatic cases. It started with essential or critical workers and followed with

teleworking employees who were going to return to onsite work in the Transition stage. For the employees out of Asturias, agreements were signed with other laboratories for the performance of the same kind of tests.

In the case of our contractor companies and the employees thereof that provide services on an ongoing and usual basis at the EDP premises (maintenance, consultants staying for a lengthy period in our buildings, etc.), it was established that they had to perform the same tests, following the same sequence of our employees, in order to work at our centres and premises. Therefore, this was communicated to 21 companies that provided services on an ongoing and usual basis at our centres.

All in all, the pandemic's worst moments, in the case of EDP España, were in the months of October and November and, in total, it involved 36 additional infections, including two hospitalisations, one of them in the Intensive Care Unit. Luckily, all the cases have progressed favourably and they can be considered overcome.

“The energy people develop in a situation of exceptional severity is astonishing. The key is to channel it in the same direction, in an orderly and coordinated fashion. This has been the achievement of the pandemic management in EDP España during year 2020”.

Marcos Antuña Egocheaga

1.2.2.

MAIN EVENTS

01 Starting point

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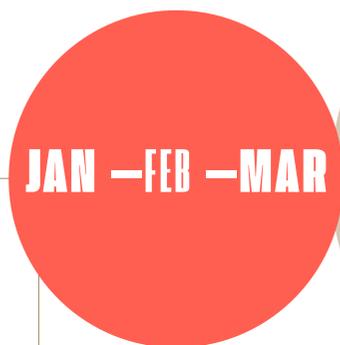
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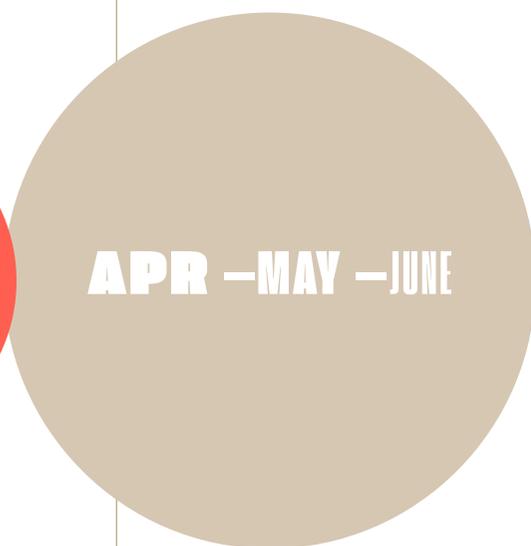
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JAN - FEB - MAR

3 MAR

EDP España's COVID-19 Monitoring Committee presents its first Response Plan.



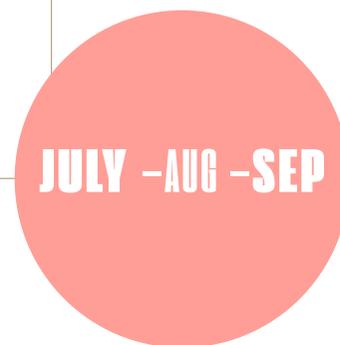
APR - MAY - JUNE

18 MAY

The sale of the B2C customer portfolio and the Castejón combined-cycle plant to the French oil company TOTAL is agreed.

3 JUNE

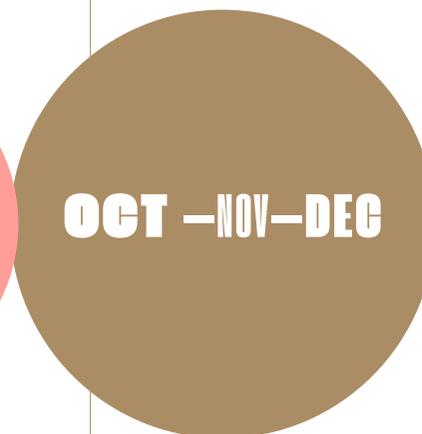
EDP España, Fundación EDP and ECODES, along with the Town Council of Zaragoza, sign an agreement to develop the first 'Barrio Solar' (Solar Neighbourhood) in Spain.



JULY - AUG - SEP

31 JULY

Receipt of 22 applications for the 2nd series of Entama, a project to support entrepreneurs in local communities, out of which 8 projects were selected.



OCT - NOV - DEC

18 NOV

Launch of the new Code of Ethics of the EDP Group, with a digital format, more practical and accessible.

2 DEC

The Executive Board of Directors approves the revision of the Integrity Policy of the EDP Group.

11 DEC

EDP launches 'MiVē', the first comprehensive electric mobility service in Spain.

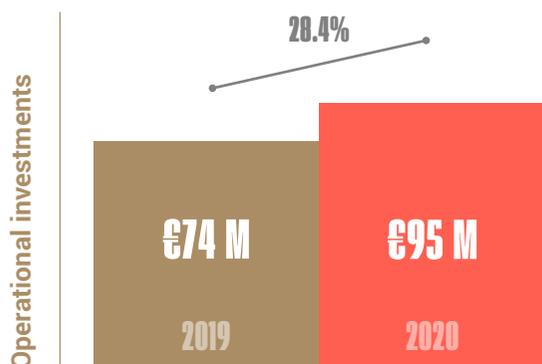
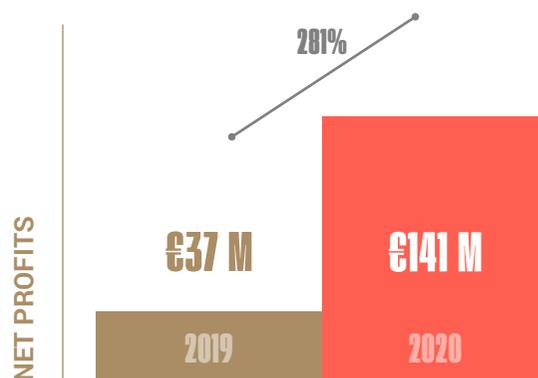
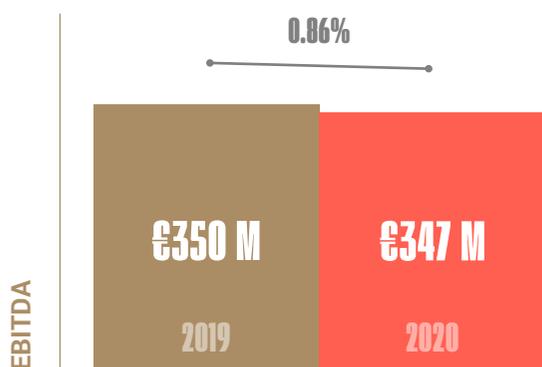
DEC

The acquisition of the company Viesgo from the Australian investment fund Macquarie is concluded, and the latter becomes a minority

1.2.3.

KEY FIGURES

Financial data



2019 and 2020 data including Joint Ventures and associates included in EBITDA

Operational data

GENERATION	2,801 MW	-2.5% vs 2019
	Installed power	
GENERATION	8,484 GWh	-13% vs 2019
	Net production	
DISTRIBUTION	7,501 GWh	-9% vs 2019
	Distributed energy	
DISTRIBUTION	1,370,924	+105% vs 2019
	Supply points connected to our grid	<i>Note: Viesgo contributes 699,326 supply points.</i>
DISTRIBUTION	10,790 GWh	-13% vs 2019
	Retailed electricity	
DISTRIBUTION	7,413 GWh	-52% vs 2019
	Retailed gas	
RETAIL	1,139,805* / 21,635	-4% vs 2019
	No. of electricity customers (B2C/B2B)	
RETAIL	898,000* / 5,556	-4% vs 2019
	No. of gas customers (B2C/B2B)	
RETAIL	1.84MW	2020
RETAIL	Installed solar power B2C segment	

*The retail data are as at 30 November 2020.



More sustainable

PLANET



216 t/GWh Specific CO₂ emissions
-44% vs 2019

ISO 14001¹ certified assets **94%**
-6% vs 2019

Viesgo's assets are 100% certified.

Recovered waste and by-products **96%**
-2% vs 2019

Recovered water out of abstracted water **99%**
0% vs 2019

Humane and inclusive

PEOPLE



1,512 Employee no.
+23.4% vs 2019
Viesgo contributes 525 employees

21% Women
-1% vs 2019

12% Women in management positions
-7% vs 2019

Training hours / person **25.4 h/p**
-18% vs 2019

Own accidents **3**
-25% vs 2019

Employee satisfaction (engagement) **73%**
+6% VS 2019

Focused on competitiveness

CUSTOMERS AND SUPPLIERS



78.5% General customer satisfaction
+4.5% vs 2019

B2B customers with VAS **1,585**
-2% vs 2019

Energy saved in customers for energy services² **19.6 GWh**
+39% vs 2019

N o. of public charging points **280**

More digital

INNOVATION



€16.3 M Investment in R&D&I
+40% vs 2019

Smart meters **100%**
0% vs 2019

Digitisation of the staff **85%**
+8% vs 2019

Attentive to expectations

COMMUNITY



750,000€ Allocated to EDP Solidaria
+20% vs 2019 (Fundación EDP)

Actions with the local community **14**
+17% vs 2019

Volunteering hours or actions **1,508 h**
19 actions

¹ Note: In 2020, it has been decided not to renew the certification of the Sidergas Cogeneration plant. Certifications include Viesgo's assets.

² This figure could reach 45.6 GWh if all the measures identified in the executed audits are implemented.

1.2.4.

RECOGNITIONS

• **EDP España is awarded the Premio Carlos Canales-CEX to the Good Management Practices,** organised by the Club de Calidad, for its integration of the SDGs into its strategy.

• **EDP has been included since 2010 in the FTSE4 Good Index Series with a 4.7 score, ranking in the top 3% of utilities,** with an estimated brand value of 2.4 billion euros, according to Brand Finance.

• **EDP España is chosen the best retail company of the year in Spain,** according to Selectra (energy rate comparator).

• **EDP is distinguished as one of the world's most sustainable utilities in the global DJSI for the thirteenth year in a row, and in the DJSI Europe for the eleventh year.**

• **EDP is distinguished as one of the most ethical companies in the world,** according to the Ethisphere Institute, for the ninth year in a row.

• **EDP is recognised as a world's leader in the fight against climate change and water management by CDP Global** at the highest level of performance - Leadership: Climate Change (A) and Water Security (A).

• **The Club Asturiano de Calidad delegates to EDP España the management of the Sales Manager Group,** and it actively participates in the CSR experts and LEAN groups.

• **EDP ranks number 1, with 92 points, in the Public Disclosure Infrastructure Asset category of GRESB** among 234 companies.

• **EDP España renews this year again its Family-Responsible Company certificate** for the set of all its companies.

• **EDP España successfully undergoes its first online audits** and maintains its ISO 9001 and ISO 14001 certificates.

• **EDP España obtains the ISO 45001 certification** for its Occupational Health & Safety Management System.

• **COTEC entrusts EDP España with the leadership of the Innovation Metrics working group,** which prepared a guide containing recommendations to show the economic efforts in Innovation.

• **E-Redes sets a new record in TIEPI (Equivalent Interruption Time),** with only 14.8 minutes.

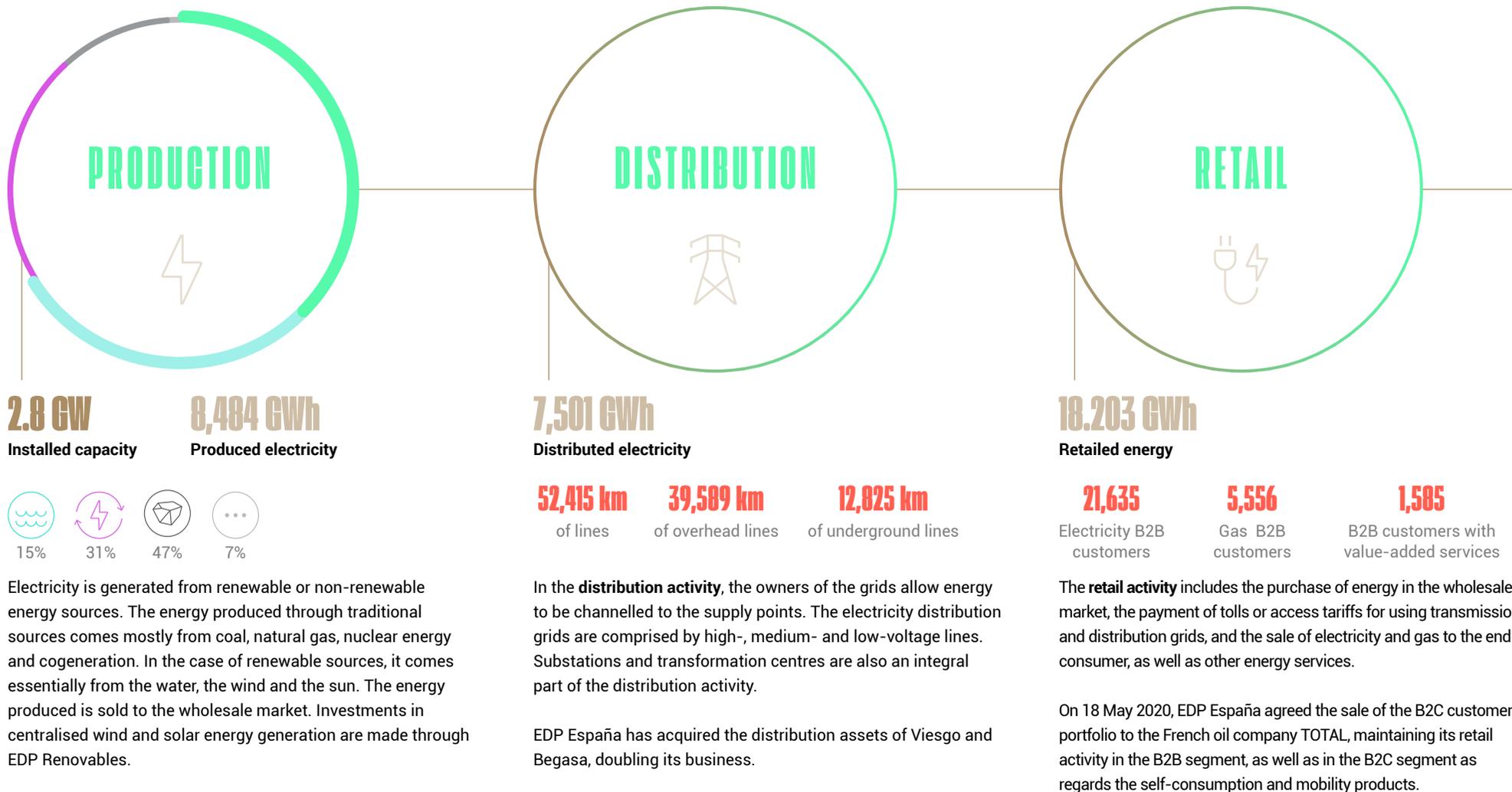
• **IHOBE consolidates, with EDP España's participation, the REEF project (Rules on Electricity Environmental Footprint),** in a public-private partnership with the Basque Government, aimed at developing rules about how to conduct an environmental footprint study on the companies in the electricity sector.

• **EDP's Bitsight index, an indicator measuring the security level of companies,** reaches its highest level in the historical series and in comparison with the benchmark companies in the area.

1.3. Profile of the EDP Group
1.3.1.

WHO ARE WE?

EDP España is the Spanish subsidiary of the Portuguese multinational EDP, world leader in the energy sector and one of the main operators in the Iberian Peninsula, present in 19 countries and 4 continents. EDP has 12,180 employees, out of which 1,512 belong to EDP España, and is present in the entire electricity value chain and in the gas retail activity.

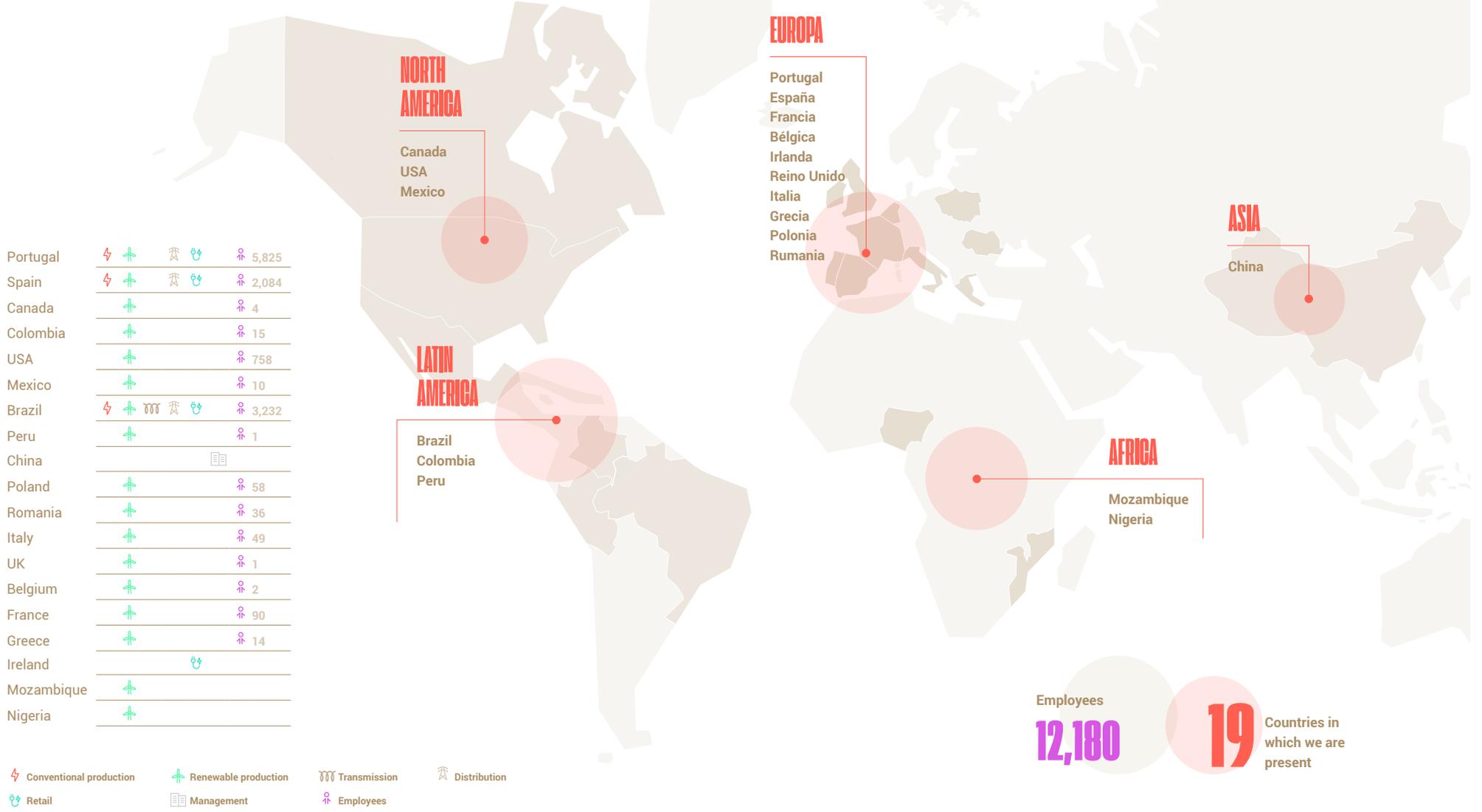


The data shown correspond to EDP España.

1.3.2.

WHERE ARE WE?

01 Starting point



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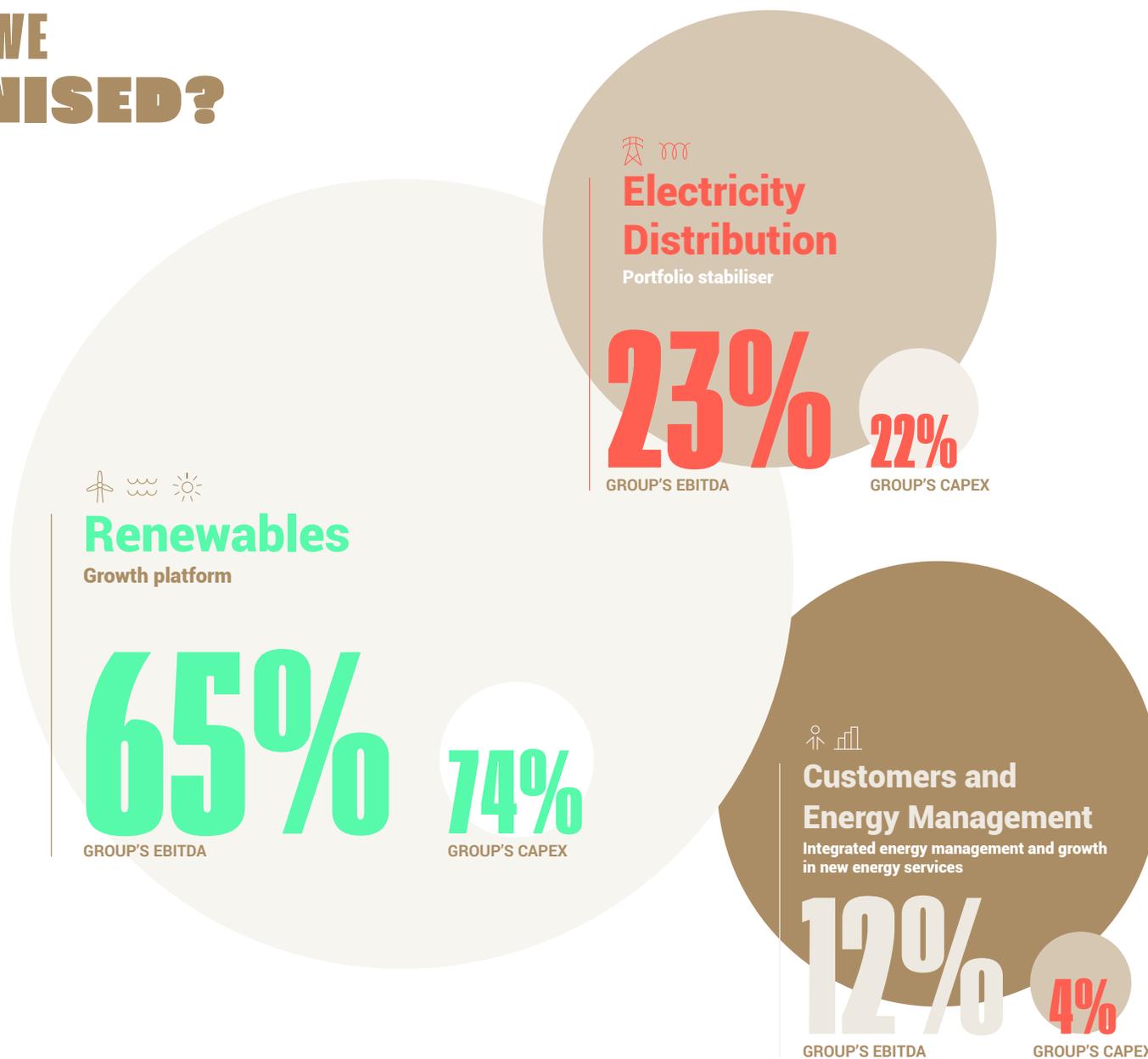
11

Employees **12,180** **19** Countries in which we are present

1.3.3.

HOW ARE WE ORGANISED?

Business areas



ACT ION

FROM TOMORROW TO BEYOND

Changing tomorrow now.



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02

COMMITMENT TO SUSTAINABILITY

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02

Commitment to sustainability

EDP remains this year again in the Dow Jones Sustainability World and Europe Index (DJSI), in which it has been uninterruptedly included since year 2008.

In 2020, it obtained a score of 88 points out of 100, which makes it rank 4th in the Index, although it would rank 2nd among integrated utilities.

It should be noted its classification in 10 Best-in-Class criteria: materiality, political participation, supply chain management, environmental reporting, climate strategy, water-related risks,

social reporting, human rights, civic responsibility/philanthropy, and relations with stakeholders.

It should also be highlighted its participation in CDP – Disclosure Insight Action (formerly, Carbon Disclosure Project), a non-profit organisation benchmark for investors and other stakeholders, which assesses the performance in climate and water management. The EDP Group has obtained the highest level of performance, Leader, and the maximum classification in both categories, A.

EDP has been part of this index for six years in a row:



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2.1. Context

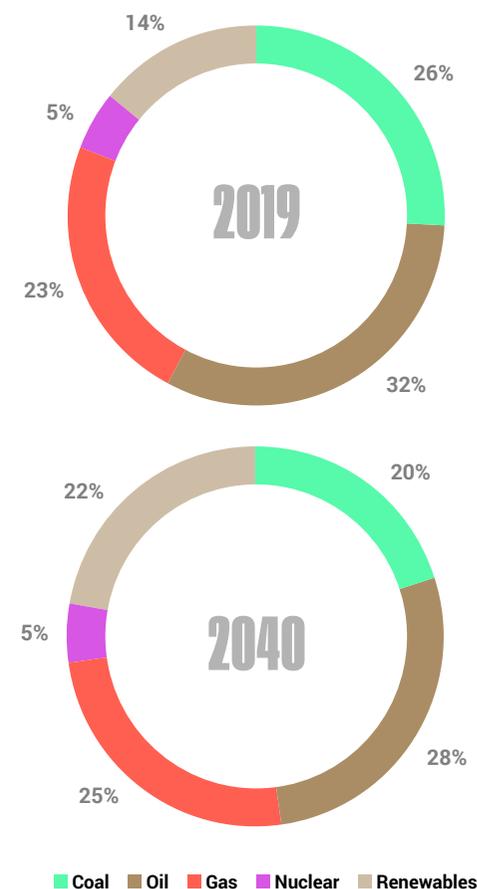
A possible trajectory with the current policies

The International Energy Agency (IEA) estimates in its scenario of current policies of the World Energy Outlook 2020 (WEO20) that, between 2019 and 2040, carbon emissions will remain stable, which represents a downward revision of the expected emissions, but still above the necessary levels to limit the temperature increase to 1.5° C, as defined in the Paris Agreement.

This stagnation of emissions is reached despite an increase in the primary energy consumption by 19% until 2040, mainly due to the reduction in coal consumption and the increase in the use of renewables. In this scenario, it is estimated that, by 2040, fossil fuels will still represent 73% of the primary energy consumption, 22% will be renewable energies and the remaining 5% will be nuclear.

Despite the low contribution of renewable energy sources in terms of primary energy, this does not happen in the electricity sector, in which renewables will reach 47% by 2040, mainly due to wind and photovoltaic solar energy. The use of renewables and the reduction in the use of coal will lead to a 9% reduction in carbon emissions from the electricity sector between 2019 and 2040, which, along with an increasing electrification of consumption, will clearly contribute to the decarbonisation effort of the global energy sector.

Primary energy sources in the world



Another factor contributing to stabilise carbon emissions is the clear decoupling of the economy growth from the energy demand increase, which results in a significant reduction (annual 2.1%) of the energy intensity on a global level. This is a reflection of the introduction of increasingly efficient equipment as economies develop. At the same time, it is expected that the global carbon intensity (ratio that measures the amount of CO2 emissions per energy consumed) of the energy sector decreases by 2.9% per year.

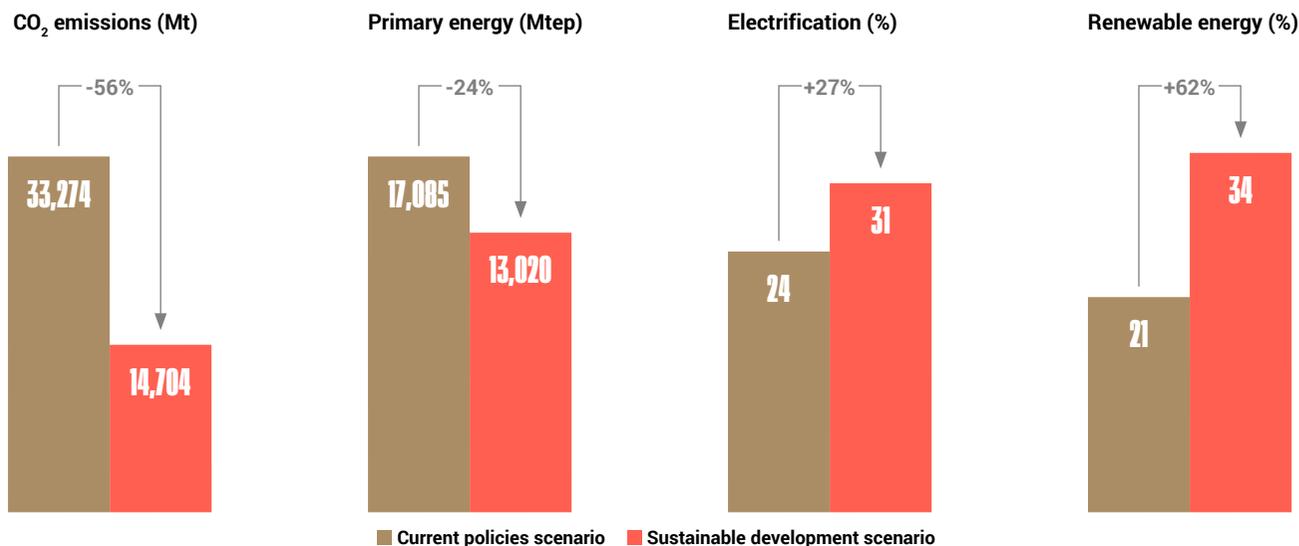
Signs of a global effort

The global effort against climate alterations grew during 2020, being estimated that the countries, regions or cities that already have carbon neutral goals represent 75% of the global GDP.

Some of the regions that already defined their goals to achieve such carbon neutrality before 2050 are the European Union, Canada, Japan, South Africa, South Korea and, very recently, the United States. China and Brazil defined their goals before 2060, but there are still countries, such as India and Russia, that are not assuming these goals.

According to the IEA, achieving the main United Nations Sustainable Development Goals related to energy requires a transformation of the world's energy system leading to an approximate 56% reduction in CO2 emissions by 2040, as compared to the current policies scenario. The sustainable development scenario proposed by the IEA at the WEO20 is based on three major pillars in comparison with the current policy: 24% increase in energy efficiency, 27% increase in the electrification of the economy and 62% increase in the percentage of consumed energy from renewable sources.

Global goals to meet the Paris Agreement by 2040



Energy efficiency is considered a key element to achieve sustainability, resulting in environmental benefits, reductions in energy expenses and reductions in external energy dependency. According to the IEA, it will be necessary to increase energy efficiency with a view to stabilise the consumption of primary energy at the current levels and accelerate the electrification of the economy, which involves increasing the weight of electricity in the final energy consumption from the current 21% to 31% by 2040.

As for the electrification of the economy, it contributes two major benefits: reduction in the energy consumption and higher penetration of renewables. Electrical technologies, such as the electric vehicle and heat pumps, are more efficient than the conventional alternatives, which leads to a reduction in the total consumption of energy. Thus, the transport industry is crucial to achieve the decarbonisation goal, having to reach an electrification rate of 13% by 2040 (against the current 1%), as is the construction sector, which must reach 52% (currently, 33%).

Ultimately, the electricity sector will remain the main responsible for the deployment of renewable energies. This represents a very significant additional effort in terms of installed capacity and technological development that allow to make a better use of the available resources in an increasingly decentralised system and with increasingly active customers.

Decarbonisation as an economic driving force

Year 2020 has been marked by the COVID-19 pandemic. Many countries implemented contention measures to control infection, including lockdowns, mobility restrictions and business hours reductions for stores and services. These measures had a significant effect on an economic level, being estimated a global 4% GDP drop, as well as impacts in social terms, with an increase in unemployment and inequalities.

For the purpose of contributing to the economic recovery, measures to stimulate economic development have been implemented across the world. Specifically, the investment in renewable energy sources, the energy efficiency and low-carbon technologies and digitisation have been identified as the main sectors to be allocated funds as a way to achieve a new economic growth model and a more resilient society. Batteries and hydrogen have been also identified as technologies to be developed with a view to economic recovery, given their potential transformation of energy systems and the opportunity for industrial development. Furthermore, it should be noted that environmental sustainability and economic growth are no longer regarded separately, but as complementary aspects of an integrated prosperity model.

In this context, the European Council approved the creation of an economic recovery fund called 'Next Generation', involving funding of 750 billion euros and the restructuring of the European Union multiannual financial budget for 2021-2027 to around 1,100 billion euros. Out of this total, it has been established that at least 30% must be allocated to investments that contribute to reduce climate change.

However, it is also necessary to create an effective regulatory framework that provides clear price signals and makes the required investments viable. In the case of the electricity sector, the introduction of renewables exerts downward pressure on the wholesale market, as a marginal market, due to their low (or even nonexistent) variable costs. This reduction has a direct impact on the remuneration of generation assets, thus questioning their economic viability. This effect particularly impacts on renewables and on backup technologies.

Long-term remuneration mechanisms, such as energy auctions or power purchase agreements, are an effective solution to this problem. Competitive auctions are being adopted by an increasing number of countries as a mechanism to ensure that the required investments in renewable technologies are made at the lowest possible cost. Likewise, they introduce the necessary competition among agents, reduce the risk for the investors,

guaranteeing a long-term vision of amounts and prices, and allow a better allocation of the investments to the projects with the best conditions.

As for power purchase agreements, they reflect the increasing willingness of companies to meet their environmental goals and reduce the uncertainty about their energy costs.

The quick growth of the installed capacity of renewables has affected the economic viability of the existing generation assets, necessary to guarantee the supply capacity and the ancillary services that supplement the variability and intermittence of renewable resources. In this context, and recognising the insufficiency of the marginal market, several countries (Germany, France, United Kingdom, Italy, various EU markets, etc.) have opted to implement capacity payment mechanisms that ensure the steady power required from time to time for the proper operation of the electricity system.

The allocation of costs resulting from this type of mechanisms must take into account a broad perspective that includes economic and social aspects, with the aim of reducing disparities, preventing them from being mostly charged to consumers. This effect punishes the electricity sector, which is the sector that has contributed the most to the decarbonisation effort, at the same time that it distorts competition among the different energy vectors.

The internalisation on energy markets of environmental and social costs caused by carbon emissions, for example through a price associated with these emissions, allows to issue the price signals required to foster the investment in energy efficiency and low-carbon technologies. This strategy was already implemented in some countries, mainly European, despite its complexity.



European energy and environmental policy

With the aim of reaffirming the European Union's global leadership in the fight against climate change and becoming the first carbon-neutral continent by 2050, the European Commission approved the European Green Deal. Among other actions, the plan includes:

• Appropriate regulatory framework

The increased climate ambition requires an appropriate regulatory framework that boosts investing in renewable and efficient technologies, for which the European Commission proposed to revise several legislative texts, such as the Directive on Energy Efficiency, the Directive on Renewable Energies, the Directive on Energy Taxation, and the emission trading mechanism, among others.

The goal of reducing emissions by 2030 involves an increase in the target of the renewable energy proportion in the final energy consumption from 32% to 38-40%, and an increase in the energy efficiency target from 32.5% to 36-37%, in the case of final energy, and 39-41%, in the case of primary energy.

• Increased climate ambition

The goal of the European Climate Law, proposed in March 2020, is to consolidate the commitment to carbon neutrality by 2050, raising the emission reduction target to 55% by 2030.

In this context, it will be fundamental that the National Energy and Climate Plans are revised to ensure the compliance with the new targets that may be signed.

• New sustainable industrial clusters

The compliance with the proposed goals requires the development and integration of new technologies that provide an opportunity to ensure that the economic development is not compromised by the decarbonisation efforts. In this context, the European Commission has proposed a series of strategies, such as the Hydrogen Strategy and the Marine Renewable Energies Strategy, which aim to promote the research and development of these new technologies, prepare their integration at scale and develop the industry.

EUROPEAN ENERGY AND ENVIRONMENTAL POLICY

• Just energy transition

In order to reduce inequalities among regions and member States, the EU will establish a Just Transition Mechanism, which will mobilise at least 100 billion euros during the 2021-2027 period, with the aim of mitigating the socio-economic impact of energy transition.

The Just Transition Fund is the first pillar of this Mechanism, with an allocation of 17,500 million euros for the financing of investments in renewable energies, energy storage, energy efficiency, and smart and sustainable mobility.

• Sustainable finances

The European Green Deal will stimulate and reaffirm the public and private investment priorities to achieve the commitment to carbon neutrality by 2050, materialised in the mobilisation of at least one billion euros in sustainable investments over the next decade.

As for the Action Plan for Sustainable Finances (PACE), it deploys ten actions, some of which are the EU taxonomy for sustainable activities, a common classification system for sustainable investments that contribute to the mitigation and adaptation to climate change, and the exclusion of coal from sustainable financial products.

VISION

A global energy company to lead the energy transition, creating higher value

RISKS AND OPPORTUNITIES

GLOBAL ENERGY MODEL

- Energy decarbonisation
- More mature renewable sources
- Decentralised generation
- Low energy prices and energy guarantees
- Energy efficiency

MACRO CLIMATE

- Political and regulatory pressure
- Weak global economic growth

CULTURAL TRANSFORMATION AND TECHNOLOGY

- Social and cultural change
- Digital transformation

FINANCIAL MARKETS

- Volatility
- Growing interest rates

POSITIONING

GLOBAL ENERGY MODEL

- Growth of renewable energies and low-risk activities
- High efficiency and renewal of assets
- Continuous improvement and R&D&I culture
- Iberian Peninsula: balanced generation and retail
- Brazil and the United States: long-term contracts

MACRO CLIMATE

- Iberian Peninsula and Brazil: financially sustainable systems
- Limited exposure to the dynamics of demand

CULTURAL TRANSFORMATION AND TECHNOLOGY

- Digital utility: digital transformation and CRM
- Generational change and skill upgrading

FINANCIAL MARKETS

- Debt market: high financial liquidity
- Forex: investment hedge
- Positioning of investment grade rating
- Part of the inflation-linked assets

STRATEGIC PILLARS



ACCELERATED AND ORIENTED GROWTH



CONTINUOUS IMPROVEMENT OF THE PORTFOLIO



SOLID BALANCE AND LOW-RISK PROFILE



EFFICIENT AND DIGITALLY FITTED OUT



APPEALING REMUNERATION FOR SHAREHOLDERS

2.2. Strategy

2.2.1. Sustainability

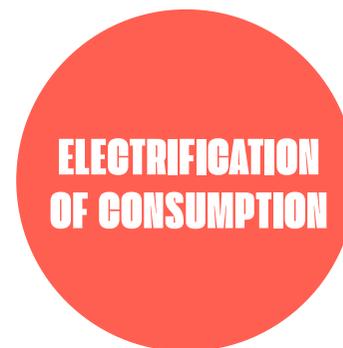
The EDP Group recognises the importance of sustainability in the value chain, integrating its business, risk and opportunity strategy on an ESG (Environmental, Social and Governance) level, particularly into the necessary actions for the energy transition.

Throughout year 2020, the initiatives contained in the 2020-2022 Sustainability Plan have been implemented, and the established Sustainable Development Goals have been monitored.

The actions performed by EDP España respond to and are in line with the European New Green Deal commitment, through which neutrality in carbon emissions is promoted for the entire continent by 2050.



**EUROPEAN
GREEN DEAL**



85% of renewable installed power
90% of the Group's production will be renewable
90% of specific CO_{2eq} emissions, with respect to 2005
3 GW of centralised solar installed power

50% of customers with value-added services
100% of smart meters installed
1 GW of decentralised renewable power in customers
100 thousand vehicle charging points installed
100% of EDP's electric light fleet

The Sustainability Plan is annually revised taking into account the materiality analysis that is performed every month of November in all the companies of the EDP Group.

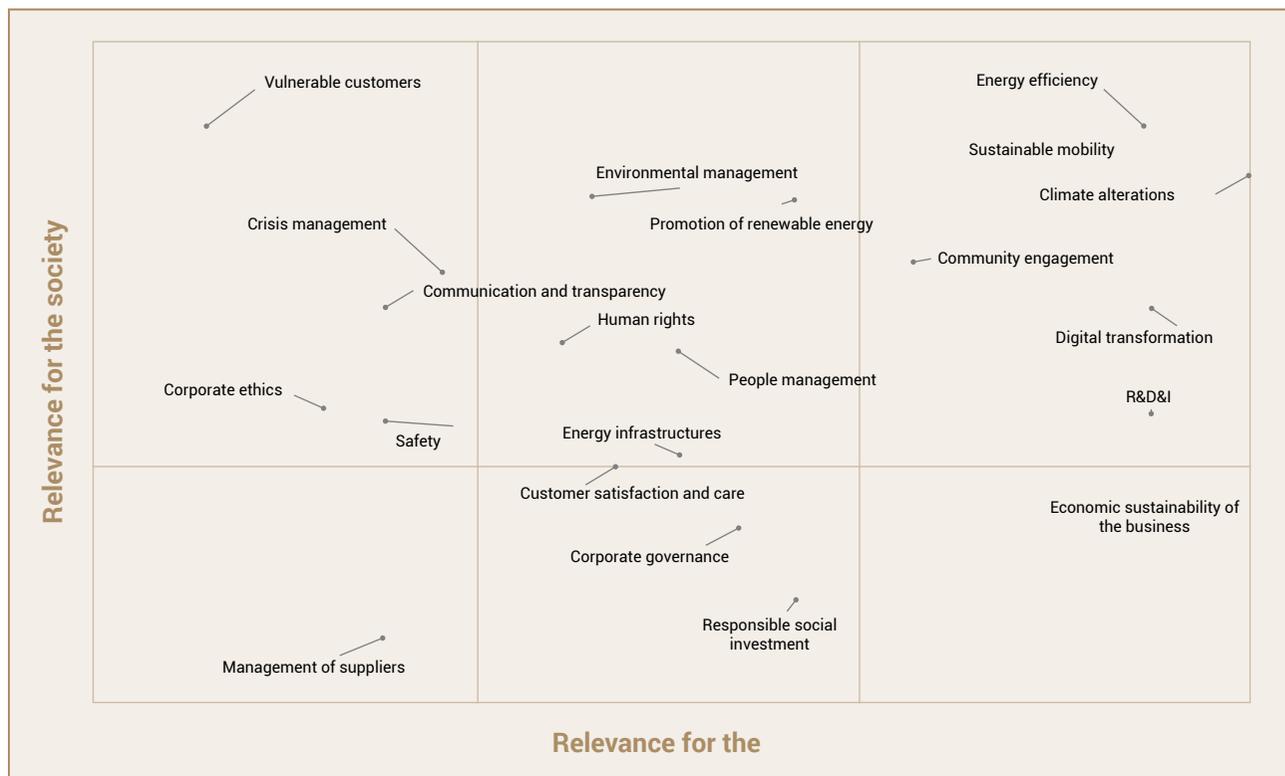
This annual materiality study, aimed at identifying the most relevant aspects for all the stakeholders, includes both positive and negative aspects, current or in the medium-long term.

This direct or indirect participation of the stakeholders, through the study and by listening to their needs and expectations, not only proves transparency in management, but it also allows to identify and prioritise on which aspects their management should be based, both by way of risk management under the precautionary principle and identification of challenges and opportunities.

In the materiality analysis of this year 2020, 21 categories grouping 60 topics have been identified. The most relevant categories have been the following, in this order:

External level	Internal level
1 Sustainable mobility	1 Climate alterations
2 Energy efficiency	2 Sustainable mobility
3 Vulnerable customers	3 Energy efficiency
4 Climate alterations	4 Digital transformation
5 Promotion of renewable energy	5 Innovation
6 Gestión ambiental	6 Economic sustainability of the business

The materiality matrix is as follows:



- As emerging topics, the following should be highlighted:**
- New ways of working/teleworking: impacts of the labour and social regulations
 - Bioeconomy: industrial and technological adaptation to climate change and circular economy
 - Infectious diseases (zoonoses) and biodiversity
 - Poverty as a consequence of the current pandemic ('the hunger queues')
 - Emotional health
 - Youth: youth development, training and access to employment
 - Water availability for emerging uses risk
 - Positioning vis-à-vis sustainable brands and greenwashing
 - Change in the production level: digitisation and robotisation
 - Transparency in equality aspects: new regulation and requirement
 - Supply chains in crisis situations (Buy local) publishing

EDP España's 2021-2025 Sustainability Plan has also taken into account the Sustainability principles of the UNE-ISO 26000:2012 standard: accountability, transparency, ethical behaviour, respect for the stakeholders' interests, observance of the principle of legality, observance of the international code of conduct and respect for human rights.

In January 2021, EDP launched the 2021-2025 Strategic Plan, communicating its vision and strategic pillars and defining its key goals and targets. EDP's vision remains as defined in the previous Plan and starts assuming its leadership in the energy transition with a higher-value creation vision, based on 3 strategic pillars:

	Key initiatives	Key numbers and targets
 <p>Accelerated and sustainable growth</p>	<ul style="list-style-type: none"> Increasing the growth of renewable energies, accelerating the asset ownership and rotation strategy Investing in renewables and grids in Europe and USA Reaching a BBB rating in the short term (maintaining a sustainable level of leverage) 	<ul style="list-style-type: none"> €24 B CAPEX in energy transition⁽¹⁾ € 8 B asset rotation⁽¹⁾ €4.7 B EBITDA in 2025 20% FFO/Net debt 2025⁽²⁾
 <p>Future organisation</p>	<ul style="list-style-type: none"> Progressing towards a more global, flexible and efficient organisation Strengthening our focus on innovation and promoting a digitised organisation 	<ul style="list-style-type: none"> €100 M savings OPEX Like For Like (LFL) €2 B TOTEX in digitisation and innovation^(1,3)
 <p>Appealing returns and ESG excellence</p>	<ul style="list-style-type: none"> Intensifying a green leadership position and becoming an ESG benchmark Sustainable return for the shareholder and appealing dividend policy 	<ul style="list-style-type: none"> Coal-free by 2025 Carbon neutrality by 2030 €1.2 B Net result by 2025 Minimum dividend of €0.19/share

⁽¹⁾ 2021-2025.

⁽²⁾ FFO/Net debt pursuant to a formula in accordance with the methodology of the rating agencies, taking into consideration EDP's recurrent EBITDA definition.

⁽³⁾ €1 B TOTEX in Innovation, €1 B CAPEX in Digitisation.

EDP Sustainability

ESG excellence recognised by top institutions
High level of commitment and impact on SDGs

This new Strategic Plan strengthens the commitment to sustainable development, assuming the leadership in the energy transition and creating higher value for all the stakeholders. As a complement to the decarbonisation-focused business model, EDP maintains its commitment to guarantee that its activity actively contributes to the achievement of the Sustainable Development Goals defined by the United Nations, reaffirming the commitment to achieve carbon neutrality by 2030.



Fight against climate change

- Coal-free by 2025
- Carbon neutrality by 2030
- 100% renewable generation by 2030



Diversity, equality and inclusion

- >35% of women by 2030
- Ensuring employees' engagement
- Optimising social investment: >€100 M in investment in SDGs (2021-2025)



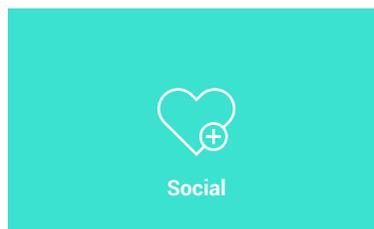
- Innovation: €1 B (2021-2025)
- Digital transformation: €1 B (2021-2025)
- Best ethical and compliance practices

“The Strategic Plan is underpinned by three lines: an accelerated and sustainable growth; an organisation ready for the future, driven by the increased investment in innovation and digital transformation; and the achievement of excellence as regards ESG and appealing returns”.

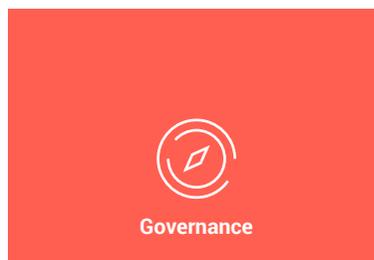
Rui Teixeira- CEO EDP España



	2020	2025	2030
Income in line with the European taxonomy	58	~70	>80
Emissions scope 1 and 2	157	~100	0
Renewable generation	74	~85	100
Coal installed capacity	8	0	0
Total waste	309	118	30



Committed employees (top company)	✓	✓	✓
Women average	25	30	35
Accident frequency rate	1,74	1,55	<1
Social investment in SDGs	12,4	50	100



Women in management organs	25	30	35
Top management remuneration linked to net equity and ESG	✓	✓✓	✓✓
Cybersecurity (rating)	Keep advanced cybersecurity BitSight rating ⁴		
Upper performance quartile in ESG indexes	✓	✓	✓

⁽¹⁾ Number of occupational accidents per million hours worked (including employees and contractors).

⁽²⁾ Excluding from 2020 on, accumulated values since 2021.

⁽³⁾ Applicable to the director and senior management category; the changes in the director category depend on the General Meeting of Shareholders.

⁽⁴⁾ >=740; 5. Including DJSI, FTSE4Good, MSCI and Sustainalytics.

2.2.2. Regulation

In terms of regulatory developments, 2020 has been characterised by the continuing effects of the approval of Royal Decree-Law 1/2019, which has meant the transfer of several powers to the National Commission for Markets and Competition (CNMC), which, until now, were approved through legal regulations or were in the hands of the Government or the Ministry for Ecological Transition. Several CNMC circulars were therefore approved in 2020 to regulate the following areas, and which replace the regulations in force in each particular area, highlighting the following:

circular 1/2020

methodology for remunerating the gas system's technical management body

circular 2/2020

methodology approving the new natural gas system balancing rules

circulars 3/2020 and 7/2020

methodology for calculating electricity access tariffs, which is expected to come into force in April 2021

circular 4/2020

methodology for natural gas distribution remuneration

circular 6/2020

methodology for calculating natural gas transmission, local networks and regasification access tariffs, which came into force in October 2020 for regasification access tariffs and will become effective in October 2021 for transmission and local network access tariffs

The Government has yet to approve the methodologies for electricity consumption 'taxes', which are intended to finance other costs of these sectors (specifically, those related to

energy policy) following the entry into force of the methodology for electricity access tariffs. The Royal Decree establishing the gas consumption charge to finance energy policy costs and the methodology for determining underground storage fees was approved in December.

As for regulated electricity and gas industry revenues, and the economic sustainability of these systems, the Government unveiled a draft in December for the future law creating the National Sustainability Fund for the Electricity System, which aims to release the electricity sector from having to bear on its own the cost of renewable energy, cogeneration and waste premiums granted to plants under the specific remuneration regime. With this future law, which is expected to come into force in 2021, the financing of these plants will be shared by the electricity, gas and oil derivatives sectors, which will result in more competitive electricity prices compared to other energy sectors.

In 2020, the government made progress in the development of the Energy and Climate Strategic Framework, which contains the Integrated Energy and Climate Plan (PNIEC) submitted by Spain to the European Commission in accordance with the requirements of the EU Regulation on the Governance of the Energy Union. Within such framework, several public consultations were held throughout 2020 with relation to the road maps for technologies and new figures that will contribute to the energy transition, such as energy storage or communities. One feature is the already approved hydrogen road map, in which the government has set a target of 4 GW of electrolysers installed power by 2030, also requiring 25% of hydrogen consumption by the industry to be renewable

To guarantee compliance with the European renewable energy targets established in the PNIEC, one feature was the new economic system for renewable energies (REER) approved, in addition to the existing specific remuneration system. Auctions amounting to around 3,000 MW/year are planned to be held via this system to grant fixed remuneration to new renewable energy plants, with a certain degree of exposure to spot prices

in the electricity market. The difference between the price received by the plant and the market price will be absorbed by the units purchasing energy in the market.

There were also significant changes in granting access to the transmission and distribution grid for renewable energies. Royal Decree-Law 23/2020 introduced a moratorium on granting new accesses to the grid by generation plants (with the exception of self-consumption) until the approval of new rules for granting access to the grid by distribution and transmission companies. Requirements for compliance with time limits were also introduced in this legislation for projects granted access, with a view to reducing grid access speculation. Lastly, the new Royal Decree regulating access and connection to the grid was finally approved in December, and it should be implemented during the first few months of 2021.

The Spanish electricity industry is expected to run a tariff deficit in 2021 due to the decreased demand resulting from the

crisis caused by COVID-19, even taking into account that up to 1 billion euros from the auctioning of CO2 allowances may be used to cover the costs of the electricity system in 2020, as established in Royal Decree-Law 34/2020. However, this deficit is expected to be covered with revenue from the National Budget and with the surplus from previous years. It recently became known that 2019 ended with a tariff deficit of 528 million euros, after including CO2 revenues, but that this was covered by part of the tariff surplus from previous years.

With regard to the electricity market, it is worth highlighting the modification of the electricity system's operating procedures to allow demand to participate in the system's compensation services.

In order to reduce electricity prices for industrial consumers,⁰¹ the Electro-intensive Consumer Statute provided for in Royal Decree-Law 20/2018 has been finally approved, grouping together the funding granted to these types of consumers.

These consumers may receive funds to offset the cost of financing renewables, cogeneration and non-mainland systems included in the grid access tariffs.

With regard to the **protection of vulnerable electricity customers**, we must not forget that we experienced a very exceptional situation in 2020 due to the COVID-19 crisis, so the Government approved a set of measures to reduce the impact of fixed electricity costs on vulnerable customers during the pandemic and to prevent power cuts. Action was also taken to help industrial and commercial consumers, who were allowed to make their electricity supply contracts more flexible. The cost of these mechanisms, in accordance with Royal Decree-Law 11/2020, will be covered by the National Budget.



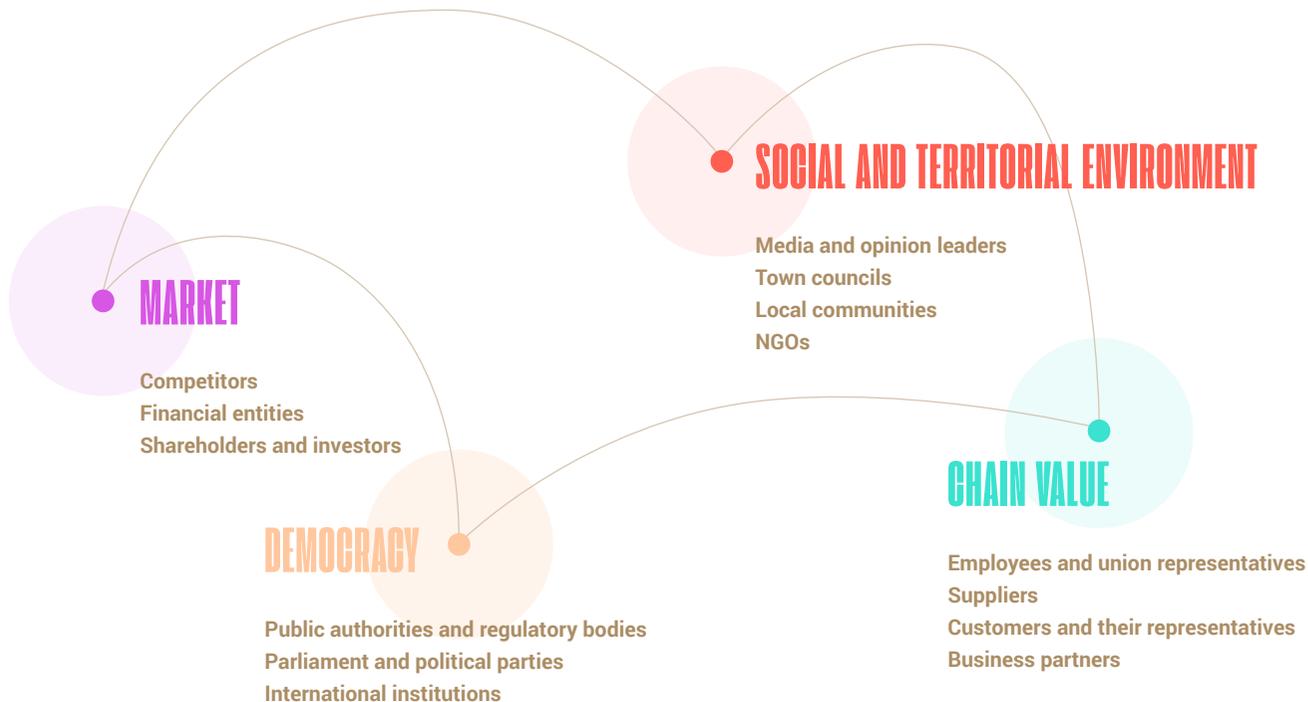
2.3. Management of stakeholders

The management of stakeholders is a priority in order to maintain a close and transparent dialogue with all those to whom EDP relates, and it plays an increasingly distinctive role for the business of the Group.

Building and strengthening trustworthy relations, sharing relevant expertise and information, anticipating challenges and identifying new opportunities for cooperation with the stakeholders are the main goals of the EDP Group's policy on the relation with the stakeholders, within the framework of the EDP Group's Sustainable Development Principles.

The management of stakeholders is an exercise in exigency and transparency by companies in their relationship with society and, in particular, with all those that have an impact on or are impacted by their activities. EDP identified this challenge several years ago, and it has created clear methodologies and operating tools to systematise the relationship of the Group with its stakeholders in all its activities and projects, regardless of their geographical scope.

Thanks to the continuous improvement and the strengthening of the stakeholder management activity performed by the different business units, the EDP Group has obtained the maximum score in its category in the Dow Jones Sustainability Index in the last three years.



<h3>UNDERSTAND</h3> <p>INCLUDE IDENTIFY PRIORITISE</p> <p>Understanding the stakeholders' needs and expectations is the basis for the development of joint projects that contribute value to both parties.</p> <p>An example in 2020 is the 'Voz de provededores' (Suppliers' Voice) project and the continuous consultation with customers, employees and local communities.</p>	<h3>COMMUNICATE</h3> <p>INFORM LISTEN UNDERSTAND</p> <p>Through a two-way dialogue, we build strong and long-lasting close relationships.</p> <p>In 2020, it should be noted the collaboration with the University of Oviedo in different activities, such as the Energy Seminar at the School of Mining, Energy and Materials, which this year, in a 100% digital format, was attended by more than 100 people.</p>	<h3>TRUST</h3> <p>TRANSPARENCY INTEGRITY RESPECT ETHICS</p> <p>Through trust, we create partnerships with stakeholders.</p> <p>An example has been the COVID-19 Social Forum, in which third parties, such as Cruz Roja or the Banco de Alimentos, have collaborated for the development of actions directly with the vulnerable users and groups.</p>	<h3>COLLABORATE</h3> <p>INTEGRATE SHARE COOPERATE INFORM</p> <p>Collaborating is the core of the action plans with the stakeholders for the identification and implementation of initiatives to create shared value.</p> <p>The Action Plan for local communities and its programme, Entama, are the best example of this collaboration strategy, in which we intend to extend the initiative towards an Entama Network that multiplies the expected economic development and employment impacts.</p>
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2.4. Recognition of Sustainability

EDP España is part of many working groups, observatories and initiatives in general for the purpose of improving the Group's position in Sustainability, giving visibility to the best practices implemented in the main sustainability aspects, while watching trends, emerging matters and other stakeholders' practices for a subsequent benchmarking and analysis on the internal applicability.

“In a year marked by the pandemic, Corporate Social Responsibility has undoubtedly acquired more prominence, acting as a lever to reduce its impact on the society. In EDP, the ESG strategy allows us to lead the energy transition, maintaining a firm commitment to society and the environment”.

Yolanda Fernández Montes

In this regard, it has participated in forums, working sessions and initiatives, among which we could highlight, in a non-exhaustive way:

- **Spanish Global Compact Network:**



Without a doubt, the Global Compact is the most significant global initiative in sustainability, and EDP España has been a member of the Spanish Global Compact Network since its launch in 2004 and actively participates in it.

It annually presents the Report on Progress, which is published both on the Spanish Global Compact Website and on the UN Global Compact website, being recognised as 'Advanced'.

Other remarkable collaborations in 2020 include:

- Publishing of EDP España's good practices on the response website to the health care crisis: '#IniciativasconPrincipios: Empresas y organizaciones unidas ante la COVID-19' (Principled initiatives: Companies and organisations united against COVID-19).
- Participation in the publication 'ODS Año 5. El liderazgo colectivo en la Agenda 2030: una década para la acción' (SDG Year 5. Collective leadership in 2030 Agenda: a decade for action).
- Participation in surveys, workshops and participatory events of the private sector in the '2020-2030 Future Sustainability Strategy' promoted by the Second Vice-president of the Government, Social Affairs and 2030 Agenda.



Teatro EDP Gran Vía

Since year 2019, EDP has been the sponsor of the Teatro EDP Gran Vía theatre, in Madrid.

With this sponsorship, EDP strengthens its commitment to the promotion of culture as a driver of development, as well as its social commitment to different solidarity projects, since the Teatro EDP Gran Vía is the first theatre capable of measuring the energy of the emotions generated by the audience and converting it into electricity that is donated to social entities and solidarity projects.

This energy conversion is possible thanks to acoustic equipment that collects the variations in decibels during the entire show, derived from clapping, laughter and ovations. The information is recorded throughout all the shows with real-time readings and, at the end of each show, the amount and level of decibels reached is translated into kilowatts hour.

The latest two shows have generated 14,285 kWh, which have been donated to Cáritas and Cruz Roja Española. Since the implementation of the meter, it has already exceeded 200,000 kWh, which have been donated to Asociación Comunicados, ECODES, Mensajeros de la Paz, Padre Ángel, or the Fundación Ochotumbao, among others.

• **Forética**

Adherence of EDP España to 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 SCR Council in Spain.

• **Corresponsables**

This year again, EDP España has published its performance in sustainability in the Corresponsables Yearbook, the largest publication on the matter in the Latin American world.

Likewise, in year 2020, EDP España and the EDP Foundation have participated in the ObservaRSE workshop 'Las claves para llevar las alianzas a la práctica' (The keys to implement partnerships) organised in the Corresponsables Congress. On the debate table, practical examples of EDP España's partnerships with the entrepreneurs from the Entama programme and partnerships of the Foundation with the NGOs of EDP Solidaria.



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Lastly, Corresponsables has stood out numerous EDP España's publications.

• **EcoVadis**



EcoVadis is a business rating platform regarding corporate social responsibility and sustainable procurement matters, which assesses global performance, in the divisions of environment, labour practices and human rights, ethics and sustainable procurement.

In 2020, EDP España has obtained a golden medal ('Gold' rating), and it is in the 96th percentile among the companies and organisations assessed.

The currently valid assessment record was issued on 14 February 2020, which is the reason why it is based on data of 2019 (closed year); its updating at the closing date of the 2020 sustainability report is expected for the first quarter of 2021.

• **Chair for Energy and Poverty – Universidad de Comillas**

EDP España actively participates in the Advisory Board of the Chair, from which studies or training and spreading actions are promoted for the purposes of contributing to mitigate energy poverty, among others.

• **Club de Calidad**

The activity of the Club Asturiano de Calidad is very remarkable on sustainability matters, the collaboration of EDP España being constant in the initiatives, activities and congresses it organises. In 2020, the following stood out:

- **Premio CEX Carlos Canales award:** The Club de Calidad has granted EDP España, in its 2020 series, the Premio CEX award given by the Asociación de Centros Promotores de la Excelencia, for the 'Integration of the SDGs into the organisations' practice. The award ceremony was held on 12 November, coinciding with the International Quality Day.
- Participation in three Expert Groups: group of Experts in CSR, Operation and Lean Expert Group and Commercial Directors Group.

- Participation in the 'Asturias y Agenda 2030' (Asturias and 2030 Agenda) programme promoted by the Directorate for Citizen Participation and 2030 Agenda of the Principality of Asturias.

• **Business Observatory for Inclusive Growth:**

- Participation in the online workshop of the Observatory for Inclusive Growth promoted by the CODESPA Foundation and publication in EDP España's annual report on practices.

• **European Week for Waste Reduction (EWWR):**

- The EWWR is an initiative of the European Commission coordinated in Asturias by COGERSA. EDP España uninterruptedly participates in the annual series of this initiative, which is already in its 11th year, not only by fostering the waste reduction principles promoted on a European level, but also by enhancing the initiatives of the EDP Group as regards circular economy.

This year, during the EWWR, it was launched the new 100% digital series of 'Viva Nuestra Energía' (Long live our energy), the education programme about renewable energies and responsible consumption. With this digital development, it has become a completely dematerialised programme, meeting the circular economy strategy of EDP España, in connection with its 5th line on virtualisation, maintaining its education quality, while simultaneously increasing its impact, since, thanks to its digital format, its geographical scope of action can be extended to the entire national territory and it is adapted to a game format, which is more in line with the taste and trends of boys and girls, who find it very appealing to participate.

• **Collaboration with universities:**

Our collaboration with the University of Oviedo is continuous. During 2020, the following actions have been carried out, among others:

- Running of the 7th Electricity Sector Seminar – EDP in the School of Mining, Energy and Materials Engineering of the University of Oviedo. This year, the now 100% digital seminar has also included students from the Industrial Engineering School of Gijón, the Universidad Politécnica de Madrid and the Higher Technical School of Engineering of the Universidad de Comillas (ICAI), reaching a total of 124 registered students.
- Collaboration in the Master's Degree in Information Systems and Accounting Analysis taught by the University of Oviedo, in the 'Non-financial information' topic.
- Collaboration in the Master's Degree in Administration and Business Management, in the 'Industry 4.0' subject.
- Collaboration in the MBA and the Master's Degree in Lean and 6Sigma Operation Management, taught by the Instituto Universitario de la Empresa (IUDE).
- Participation in the Decarbonisation of the Spanish Northwest Congress, organised by the School of Mining, Energy and Materials Engineering (EIMEM).
- 'Premio Fin de Grado EDP-EIMEM' in Mining Technology Engineering, awarded by the EDP Foundation.
- Partnership agreement between the Joint Service and the Electrical Engineering Area of the University of Oviedo.

• **Other collaborations in training initiatives:**

- In 2020, we have collaborated with the Universidad de Deusto in its Master's Degrees in Industrial Engineering and Industrial Organisation, in the 'Sustainability and business strategy' subject.
- Participation in the 'Materias primas minerales necesarias para la transición energética' (Mineral raw materials necessary for the energy transition) programme organised by the National Confederation of Mining and Metallurgy Employers (CONFEDEM) and the Higher Technical School of Mining and Energy Engineers of Madrid, in the subjects 'The road towards a low-carbon economy' and 'Mineral raw materials for storage'.
- Participation in the 33rd Master's Degree in Energy Business organised by the Club de la Energía (Enerclub).

• **Actions with business organisations:**

- Participation in the 9th Transfer of 'Circular Economy, Innovation, and Sustainability' organised by the Chamber of Commerce of Oviedo, with the paper 'Circular economy strategy in energy companies'.
- Participation in the 3rd Crea&Tech programme organised by IDEPA, the 'Desarrollo y crecimiento empresarial Avante' CEEI's programme, and the 5th Meetup held by the ECO Asturias de Alastria.
- Participation in the 8th Civil Engineering Congress organised by the School of Civil Engineers on energy storage technologies.



EDP receives the Premio Carlos Canales-CEX award for Good Management Practices



The candidacy of the energy company has stood out for its integration of the Sustainable Development Goals into its organisation.

EDP has been granted the Premio Carlos Canales-CEX award for Good Management Practices given by the Club de Calidad in its 12th series, which has assessed practices related to the integration of the SDGs into organisations.

The winning candidacy, titled '2020-2022 Sustainability Plan and 2030 ambition' sets out EDP's commitment to the Sustainable Development Goals (SDGs) and the 2030

Agenda since the beginning of the initiative and shows how these goals have been prioritised and integrated into the organisation's strategy.

The Premio Carlos Canales-CEX award is an initiative by the Governing Board of the Club Asturiano de Calidad in honour and recognition of Carlos Canales Pérez, who was a member of such board as representative of Lloyd's Register, since the foundation of the club in 1995 until 2008, and his contribution was decisive both for the development of this organisation and for the spreading and implantation of Management Quality in the Principality of Asturias during his long and fruitful career.

The purpose of this initiative is to contribute to the sharing of good management practices among organisations in general, as well as recognising, promoting and boosting Good Management Practices developed by the members of the Club de Calidad.

This award is coordinated with the national competition for the Premio CEX award, so the winner and the finalist of the Premio Carlos Canales will be automatically designated as the Asturias representatives in the Premio CEX competition.

5 teams

in Generation (Soto, Aboño, Castejón, Hydraulic Power Plants and Cogeneration and Waste)

2 teams

in Electricity Distribution (Operational Efficiency and Customer Services)

4 teams

in Retail (B2B, B2C, Sustainable Mobility and Energy Efficiency Services)

2.5. Continuous improvement

EDP España's continuous improvement programme is the LEAN Programme, which encompasses methodology and tools for solving problems and identifying opportunities through specific working groups in all business units.

LEAN has been in place since 2006, when the first team was launched at the Soto de Ribera thermal power station, and it has been gradually implemented at the other Generation plants, the Distribution area and Retail, with Lean teams focused on B2B/B2C customer segmentation, as well as in Value Added Service areas and activities (Energy Efficiency and Sustainable Mobility Services).

Thus, 11 improvement teams were operational during 2020, with 111 employees directly involved, with an annual staff turnover rate of 0.15 and an accumulated engagement rate since the start of the programme of 71% of the workforce.

- 5 teams in Generation (Soto, Aboño, Castejón, Hydraulic Power Plants and Cogeneration and Waste),
- 2 teams in Electricity Distribution (Operational Efficiency and Customer Services), and
- 4 teams in Retail (B2B, B2C, Sustainable Mobility and Energy Efficiency Services).

Following the Total operation, the Castejón Power Plant and B2C Retail teams are no longer operational, and once Viesgo's operation is consolidated, opportunities will be analysed for extending the LEAN programme to these new businesses.

The number of improvement initiatives identified since the start of the programme totalled 4,181, with 22 initiatives identified in the current year and 147 initiatives in progress. The most significant initiatives of the year were the following:

- **Initiatives by the Generation teams:**

As one would expect, many of the year's initiatives involved adapting procedures due to the pandemic situation, but there have also been initiatives to improve the efficiency of equipment and facilities, such as the increase in power and turbine flow capacity at the La Barca hydraulic power plant, or the modernisation of Group 4 at the Miranda hydraulic power plant, where the capture and digitisation of operating signals make it possible to define predictive maintenance processes.

Another initiative that also reflects EDP España's circular economy strategy was the replacement of the engine of the Bioastur plant, at the main dumping site in Asturias, using an engine from the Villapérez water treatment plant (Oviedo) that was out of service.

With respect to environmental risk prevention, we should note the marking of the existing manholes at the Soto de Ribera plant with an identifying colour in order to improve the response to accidental spills, which would be channelled to the existing sewage ponds.

- **Initiatives by the Distribution teams:**

The Lean Distribution teams have also adapted their procedures to the pandemic context, while also securing connections and equipment and remote-control operations in the light of the cyber-attack suffered, as well as boosting digitisation and customer-focused initiatives.

These include initiatives such as a new mobile application for meter management, a georeferenced application for monitoring and control of tree felling and pruning work in the maintenance of power line routes, and the remote registration of users. With an impact on the quality of supply, the M&O Lean team has designed a mobile MV/LV substation to feed antenna lines.

• **Initiatives by the Retail teams:**

Along with the necessary customer support and internal reorganisation measures, we should mention commercial development, digital marketing and business intelligence initiatives aimed at synchronising back office and sales teams, digitalising data processing, boosting the activity of the retail network, automating one-to-one and end-to-end campaigns, and data quality enrichment.

There are also other developments in the 'Save to Compete' energy services platform, such as digitisation within the Building service in the preparation of opportunities and offers, in addition to those already existing in self-consumption, or the definition of ad hoc value proposals for sustainable mobility companies.

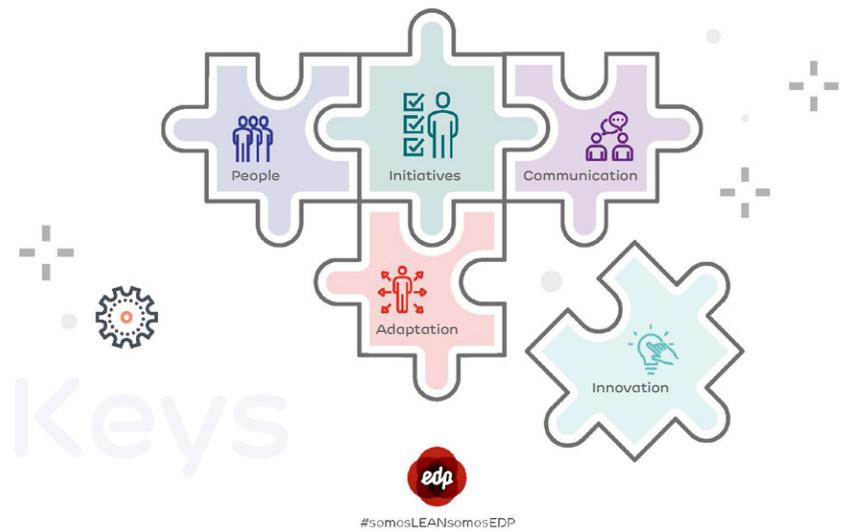
Within the **Iberian Lean Programme**, working groups have been established with EDP Produção for the exchange of improvement initiatives between technologies, with 4 Iberian Lean teams at coal, gas cycle, hydraulic and cogeneration plants.



Are we aware of how important recognition is for people?

#somosLEANsomosEDP

LEAN Keys in EDP España



A feature of 2020 was the launch of the 'Let's Talk Lean' initiative, where awareness-raising sessions were held on 'Kaizen methodology, daily management and meeting efficiency' and 'Circular Economy'. The aim of both sessions was to encourage operational efficiency aspects and encourage the identification of improvement opportunities through Lean initiatives to be coordinated in the Iberian Lean teams.

The **'upLean'** initiative was also launched, through which a Lean training and awareness programme was carried out for all EDP España's employees. The initiative consisted in editing different contents, called **'Lean Moments'**, which were distributed to all participants directly, through the Lean SharePoint and on social media.

These contents highlighted different Lean tools and how they may be applied in the day-to-day work of the EDP España teams to identify problems and work on solutions in a

structured way, as well as to identify opportunities and swiftly implement them.

In LEAN Community, the national network that brings together the most prominent companies in the implementation of the Lean culture, EDP España headed the only event that could be held in person, in February. The conference, based on 'Eco-efficiency and the Carbon Footprint', was attended by the main national energy companies, and crucial aspects of production decarbonisation and electrification of the economy were discussed, with the carbon footprint as a key tool for the development of action plans.

Subsequent Lean Community conferences have had to be held in digital format, and all of them have discussed the adoption of COVID-19 measures to maintain the strategy of continuous improvement in organisations.

TRANSITION

FROM A JUST TRANSITION
TO SUSTAINABLE COMMUNITIES

Changing tomorrow now.



03

FOR A MORE JUST SOCIETY

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03

For a more just society

3.1. COVID-19 Social Forum

In line with its commitment to the SDGs, EDP created a COVID-19 Social Forum, joining efforts from different areas and Fundación EDP, with the aim of facing the eventualities that arose from the fight against coronavirus. Thus, partnerships with the stakeholders and other actors were also strengthened, assuming a continued commitment and enhancing our work with regard to the Sustainable Development Goals (SDGs) and the principles of the Global Compact.

Customers

Helping new and regular population groups whom this crisis is putting at risk has been an issue to which EDP could not remain indifferent. Among the aid EDP has set up, the following can be highlighted:

- Free energy for the hotels turned into hospitals.
- Free energy for healthcare workers' residences.
- Free energy for electric vehicles.
- Free LNG refuelling in Gijón gas station.
- Free energy for homes or companies participating in solidarity actions to fight COVID-19 (mask making, etc.).
- Flexibility regarding changes of power requested by self-employed workers.
- In the first days of the state of alert, given the need to guarantee as much as possible the power supply to the most important hospitals, we proceeded to check the transformation centres, the medium-voltage lines and the low-voltage lines that supply them.

Social response measures

EDP and Fundación EDP's response was basically aimed at vulnerable people, participating in projects organised by other entities that needed funding:

- Support to several chemical companies for the production of sanitising gel.
- Collaboration with Cáritas and other NGOs, donating them protective equipment for the most vulnerable people, paying special attention to residential homes for the elderly.

“We have got ahead of our customers’ needs, being the first to offer the chance to reduce the contracted power at no cost to minimise the economic impacts caused by the COVID-19 crisis”.

Luis Álvarez Arias de Velasco

- EDP España's volunteering programme: solidarity letters to stand by the most vulnerable groups due to their personal situation, age or health, such as those in residential homes for the elderly, reception centres and centres for people with different disabilities, with the aim of keeping them company in their lonely situation as a result of not being able to receive visits.
- Free customer care service for breakdowns in the installations of EDP's vulnerable customers.



- Collaboration with the Fundación Banco de Alimentos de Asturias.
- Free online training for all the Spanish organisations that apply for it through the EDP Foundation Academy.
- Purchase and distribution, in partnership with town councils, of basic consumer goods bought at local stores, thus collaborating in meeting new assistance needs arisen from this situation. This allows both to help local suppliers and to extend the aid to families that are suffering this crisis situation.

Suppliers

Support for the continuance of activity and employment:

- Bringing forward of the suppliers' payment term.

Education

Within the package of measures, children were considered a priority target and the following initiatives were carried out for them:

- EDP España and Fundación EDP put 470 computers at the disposal of the Regional Ministry of Education of the Principality of Asturias to be distributed among students, either because they did not have a computer or due to a lack of communications in rural towns, and communications systems were provided in some rural areas. All volunteers were also offered the possibility to help these children with their homework.
- Organisation of a virtual challenge aimed both at employees' family members and at local communities in our areas of influence. Children aged between 10 and 15 participated for three consecutive days in a virtual competition in which they replied to questions about renewable energies, sustainable development, protection of the environment and Sustainable Development Goals. The prizes that were granted in the different categories

were purchased at local stores, and thus, we promoted engagement and learning about these topics in a fun way.

- Sponsorship of painting competitions both for children aged from 3 to 18 and for people over 65. The theme was coronavirus and any technique was allowed. It was assessed both the imagination and the effort made by the participants.

Information and sensitisation

- Financial support to La Nueva España, a newspaper with a major circulation in Asturias, in order to give free access to the contents on its website for two months.
- Collaboration with the campaign of the newspaper *La Nueva España* #ASTURIANOS EN CASA JUNTOS LO LOGRAREMOS.
- Collaboration with *El Comercio* and *El Correo* in sensitisation campaigns about COVID-19.
- Virtual challenge launched in collaboration with Cruz Roja. On 14 April, accompanied by the marathon runner Martin Fitz, more than 1,200 personas walked, run or rode a bicycle in their homes, accumulating steps that were translated into money, thus obtaining 50,000 euros which Cruz Roja allocated to a support and business programme for entrepreneurs. #EdpEchaUnCable.

3.2. Local communities

The Action Plan for Local Communities is included in EDP España's Social Investment Plan, in accordance with the Social Investment Policy of the EDP Group, which has aligned its business strategy with 2030 Agenda, a global action plan led by the UN that pursues equality and social inclusion, the protection of the environment and economic growth and development. 2030 Agenda is based on the United Nations Sustainable Development Goals.



The initiatives carried out in this Action Plan with local communities and town councils are developed in the area surrounding the Generation premises, and they are based on the results of the survey conducted for such purpose (analysis or study on the external view), which identified as relevant matters:

- job creation,
- environment,
- depopulation,
- engagement, dialogue and commitment to the community.

A goal for the next year and the following ones is to extend the geographical scope of the areas in which all the initiatives will be carried out in collaboration with the local communities.

Among the initiatives developed during this year, the following stand out:

Job creation

It remains the community's main concern. During 2020, we kept working on the already implemented initiatives, such as contracting with new local business and the Entama programme for the promotion and consolidation of local entrepreneurs, to which we added the contribution to tourist development in the areas by making and spreading information videos about their attractions.



CLICK HERE TO GO TO WEBSITE



CLICK HERE TO WATCH VIDEO

Rural depopulation

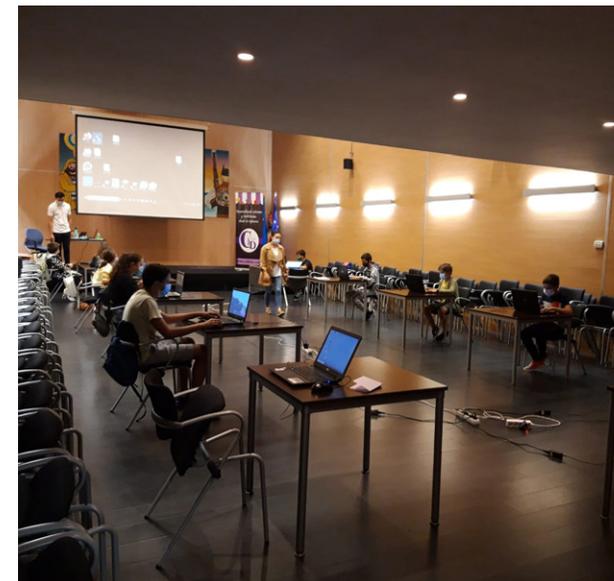
In close connection with job creation and the quality of the services received, other lines of actions were analysed with the aim of fostering collaboration for managing the implementation of some measures that tackled this problem, thus also intensifying the relations with all the parties. This way, access to optical fibre was provided and assistance for equipping coworking spaces was offered.

Local environment

Another main relevant matter for the local community is the environment. Several initiatives have been carried out, such as planting of trees, environmental awareness activities or installation of sheds for bats, among which we stand out the launch of the 'Hectare Zero' project, aimed at offsetting emissions by planting indigenous trees in mainly devastated areas.



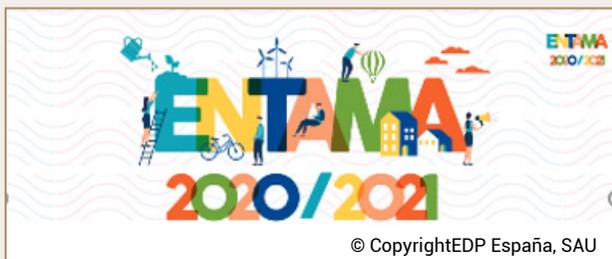
Engagement, dialogue and commitment to the community



We have continued our different types of collaborations with local entities regarding cultural, education, social and environmental aspects of the local communities, thus establishing a closer bond between EDP and the communities of its environment. Various sponsorships, gift boxes of local products, technology summer camps that have already reached more than 370 children or the establishment of contact points are activities included in this initiative.



Entama, EDP's commitment to entrepreneurship



Entama is one of the initiatives with the broadest impact on the job creation matter included in EDP's Action Plan for Local Communities.

Entama, which means 'start a business' in Asturian, is a programme created for the purpose of supporting entrepreneurial initiatives that sustainably generate resources and jobs and added value for the area and have future prospects in the municipalities where the generation plants are located.

This Programme, which has had two series, is funded with a maximum amount of 85,000 euros to be distributed among the projects that are selected by EDP, according to criteria on economic viability, sustainability, business generation expectations and other cross-cutting elements, such as the creation of direct or indirect employment, the contracting of local suppliers from the area of implementation of the activity, the promotion of the municipality development, the fight against depopulation and the integration of new technologies

In these two series, 18 projects were selected among 52 candidates, involving the creation of 25 direct and immediate jobs. The measurement of Entama's investment impact (SROI calculation) resulted in the fact that every invested euro delivered a return of more than 3.5 euros in the municipalities in which the programme is developed.



ENTAMA
a €3.5 SROI per invested euro

On 27 November 2020, EDP organised a virtual event in which the selected entrepreneurs presented their projects, and which was attended by Enrique Fernández, Regional Minister of Industry, Employment and Economic Promotion of

Asturias, Belarmina Díaz Aguado, General Director for mayors and other municipal representatives, and media, which spread these projects. The event, which could be followed live on Facebook and YouTube, involved an engagement of more than 1,000 followers.



[CLICK HERE TO WATCH VIDEO](#)

All these projects developed in the rural world are an example and astimulus for entrepreneurs – from a tourist train to a cheese factory, textile businesses engaged in design, dressmaking and online sales, a charming store-bar, the Energy, Mining and Reactivation, setting up of coworking spaces in rural environments and the creation of a cohousing in Somiedo, which will invite entrepreneurs from across the world to share their experiences, without forgetting an innovative project to extract birch water to use it for human consumption.

MUNICIPALITY	2020 PROJECT	DESCRIPTION
Ribera	Cowtainers	Creation of coworking spaces in natural surroundings using adapted containers
Teverga	Renastur Celtibérica	Extraction, transformation and marketing of birch water for food purposes
Somiedo	Cohousing	Zapiens accommodation centre for entrepreneurs: 33 persons, 3 settled
Caso	Quesos La Corte	Expansion of the production and marketing of Casin cheese (protected designation of origin)
Caso	Tren a Brañagallones	Tourist train to access Redes Nature Reserve area, unique in Spain
Sobrescobio	Las Telas de Mamá	Online and onsite sale of complete dressmaking kits and sewing courses
Sobrescobio	Shop-bar in Rioseco	Charming shop-bar with local products
Carreño	Llunar clothing brand	Manufacture and online sale of an advanced-design textile line

As a goal for 2021, the creation of the **Entama Website** is under way, which will host information about projects and opportunities and facilitate the sharing of knowledge, experiences and best practices among entrepreneurs, and which will include the initiatives of all the 'entamadores' (Asturian for entrepreneurs).

Simultaneously, the **Entama network** will be set up for the purpose of building a promotion and collaboration network, aimed at extending its scope of operation by establishing partnerships with other agents and maximising the impact of the initiative.

“I would like to encourage people to lose their fear of returning to the villages and undertake other new necessary businesses”.

Natalia Rodríguez Armayor
(entamadora 2020 - Sobrescobio)

Enterprise sprouts in the countryside

Ideas from rural entrepreneurs: office spaces in containers, sale of birch water and a tourist train

Oviedo, J.L.S. It was the crisis that drove Francisco Cuería to start a business. Now he has a cheese factory called La Corte where he makes Casin cheese on the banks of the Tanes reservoir (in Caso). Víctor Pérez, meanwhile, saw a business opportunity while he was working for an architecture firm in London (UK) and he decided to create a coworking company in the country, using recycled shipping containers. He named it Cowtainers.

At first sight, they are two very different business ideas. However, they do have things in common. They are similar in that both Cuería

and Pérez set up companies in rural areas. The former in Caso and the latter in Ribera de Arriba. And both of them form part of eight initiatives chosen by the electricity company EDP as part of its Entama programme, whose aim is to support entrepreneurs' projects springing up in the areas where they have electricity power plants. The company will distribute 85,000 euros among this new crop of rural entrepreneurs.

The EDP CEO in Spain, Rui Teixeira, said that the aim is that these projects are fostered. As for the Regional Minister of Industry, Enrique Fernández, he pointed out that 'in Asturias, public companies

had perhaps held back the entrepreneurial spirit'. The other projects that will receive funding will be: 'Llunar', a sustainable clothing brand started by Natalia Castro in Carreño; 'Tren a Brañagallones', a tourist train driven by a tractor and conceived by Rafael Fernandez in Caso; 'Las Telas de Mamá', a business formed by Natalia Rodríguez in Sobrescobio; a shop-cum-bar in Rioseco founded by Olga Gallego; a cohousing project to promote rural entrepreneurship devised by Daniel Suárez in Somiedo; and 'Renastur Celtibérica', an initiative by Miguel Couto to extract, transform and market birch water for food.

Electrical hazards when fishing

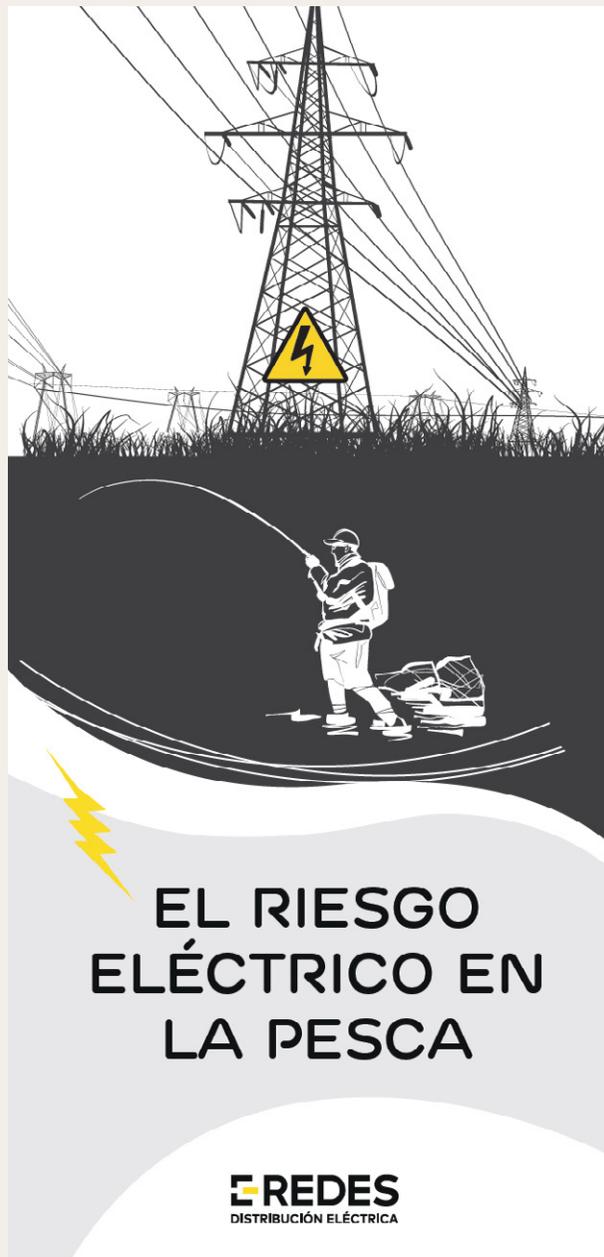
Coinciding with the opening of the river sport fishing season in Asturias, E-Redes carried out an awareness campaign aimed at minimising the potential risks that may arise in river fishing in the event of accidental contact between the rod and the fishing line with a bare wire conductor on a power line. Fortunately, this is not a frequent accident, but its consequences could be considerable.

Warning/danger signs have been installed for this purpose on a total of 95 power line pylons crossing or running parallel to rivers in fishing areas, and a leaflet has been published to draw attention to these risks.

This informative literature has been made available to the Directorate-General for the Environment and the Hunting and Fishing Service of the Principality of Asturias, as well as being sent to the main fishing associations, and it has been very well received by both parties, who have distributed it among anglers.

Additionally, all the information is available on the operator's website (www.eredesdistribucion.es) under 'E-Redes reminds you of electrical hazard situations'.

This leaflet contains very useful information for anglers in case they encounter unexpected situations regarding power lines, aimed at knowing, identifying, informing and preventing risks, as well as a contact telephone number to notify the operator's Control Centre directly, along with the familiar 112.



[CLICK HERE TO GO TO WEBSITE](#)

'Viva Nuestra Energía'

Within EDP's policy and commitment to the SDGs, one of its commitments is the creation of value for the stakeholders through social investment programmes and activities that combine and meet social needs.

As an initiative in line with the environmentally committed, responsible company character of EDP, Fundación EDP is developing the programme 'Viva Nuestra Energía' (Long live our energy) which connects two worlds: business and education.

Through this programme, Fundación EDP actively collaborates with school centres in the education of children, who immerse themselves in the Worlds of Renewable Energies guided by different characters related to these energies, which will accompany them in learning what energy is and how it is produced, the differences between renewable and non-renewable energy, environmental conservation, sustainable consumption, etc.



1,788

Centres

279,000

Students

Indeed, the programme, which started 11 years ago, has reached during this time a total of **1,788 centres** and more than **279,000 students** across different Spanish regions, with a very positive teaching balance.

In 2020, the Viva Nuestra Energía programme took a U-turn in its curriculum, becoming 100% digital (online), which will also help its geographical expansion. For this purpose, a **web platform** with weekly contents and an **online application for comprehensive classroom management** have been developed.

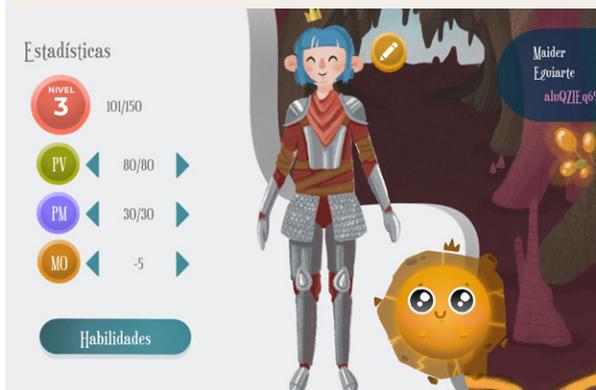
Thus, through the web platform, learning is fostered in an engaging, ludic and didactic way, also promoting values such as teamwork.

The project is equipped with different resources to work with the students, such as a weekly game inspired in escape rooms called 'The Big Adventure' uploaded on YouTube, videos to get to know the renewable energy world better through arts and experiments, didactic units, work sheets for all the subjects, etc.



Comprehensive classroom management application

It is a key tool which the teaching staff may use to work with their group of students, either from home or in the classroom itself, thanks to its main functionalities: creation of online homework, a reward and penalty system as required, creation of team challenges, and much more, all of which can be edited to adjust it to the current moment. Students have their own profile, which they can access in order to do their homework, customise it by changing clothes and accessories and exchange the rewards obtained from their good behaviour.



Above all, they will be part of, and get involved in, the education of their classmates, by using the powers of their characters.



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DIVERSITY

SITY

FROM DIVERSIFICATION
TO VALUE CREATION

Changing tomorrow now.



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04

TO BE OR NOT TO BE

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“EDP is a company that acts, in its entire scope of action and in all the locations across the world in which it operates, in compliance with the applicable laws and regulations, but it goes further than that, also guaranteeing, through consistent practices, principles of integrity, respect for human and labour rights, transparency and social responsibility”.

Manuela Silva, Ethics Supplier of the EDP Group

To be or not to be

4.1. Equal



During year 2020, the Equality Plans of EDP España, Hidroantábrico Distribución Eléctrica (E-Redes), EDP Comercializadora, EDP Sucursal en España and EDP Clientes were agreed with all the trade unions with representation in the company (SOMA-FITAG-UGT, ACYP EDP, CSI, CCOO and ELA), being finally approved in the month of November.

The Plans were developed in the Joint Committee on Labour Affairs envisaged in the 3rd Collective Bargaining Agreement of the Group, and they were agreed with all the trade union representatives in the Joint Committee on Equality. The Equality Plans are in effect for 4 years, and they have been registered and filed with the Ministry of Labour and Social Economy. With these new Equality Plans, the company keeps progressing in equal opportunities for men and women, thus contributing to achieve gender equality as an essential part of the Sustainable Development Goals.

EDP España promotes a potential- and talent-attracting culture that fosters personal and professional growth, opts for flexibility and rewards excellence and merit. All of this in addition to the creation of an environment of respect, diversity and equal opportunities.





PREVENTION of any behaviour against equality and contribution to the protection of values of effective equality between men and women in their labour relationships.

PROTECTION in the occupational sphere of the values of effective equality and employees' work-personal life balance in the best possible conditions.

COMPREHENSIVE DESIGN of the Equality Plan for all the persons comprising the EDP España Group, men and women.

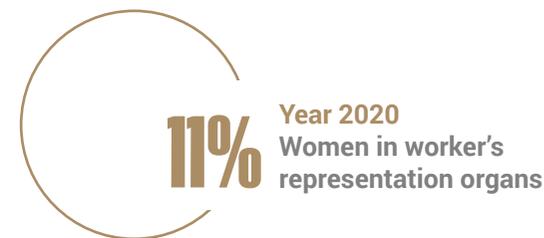
Inclusion of the **GENDER PERSPECTIVE** in order to guarantee the effective application of the equality principle in the entire group.

MONITORING, ASSESSMENT AND CONTINUOUS IMPROVEMENT of the Equality Plan.

GUARANTEE OF THE HUMAN AND MATERIAL RESOURCES required for the effective implementation of the Equality Plan in a work environment in which all people are treated with respect and dignity.

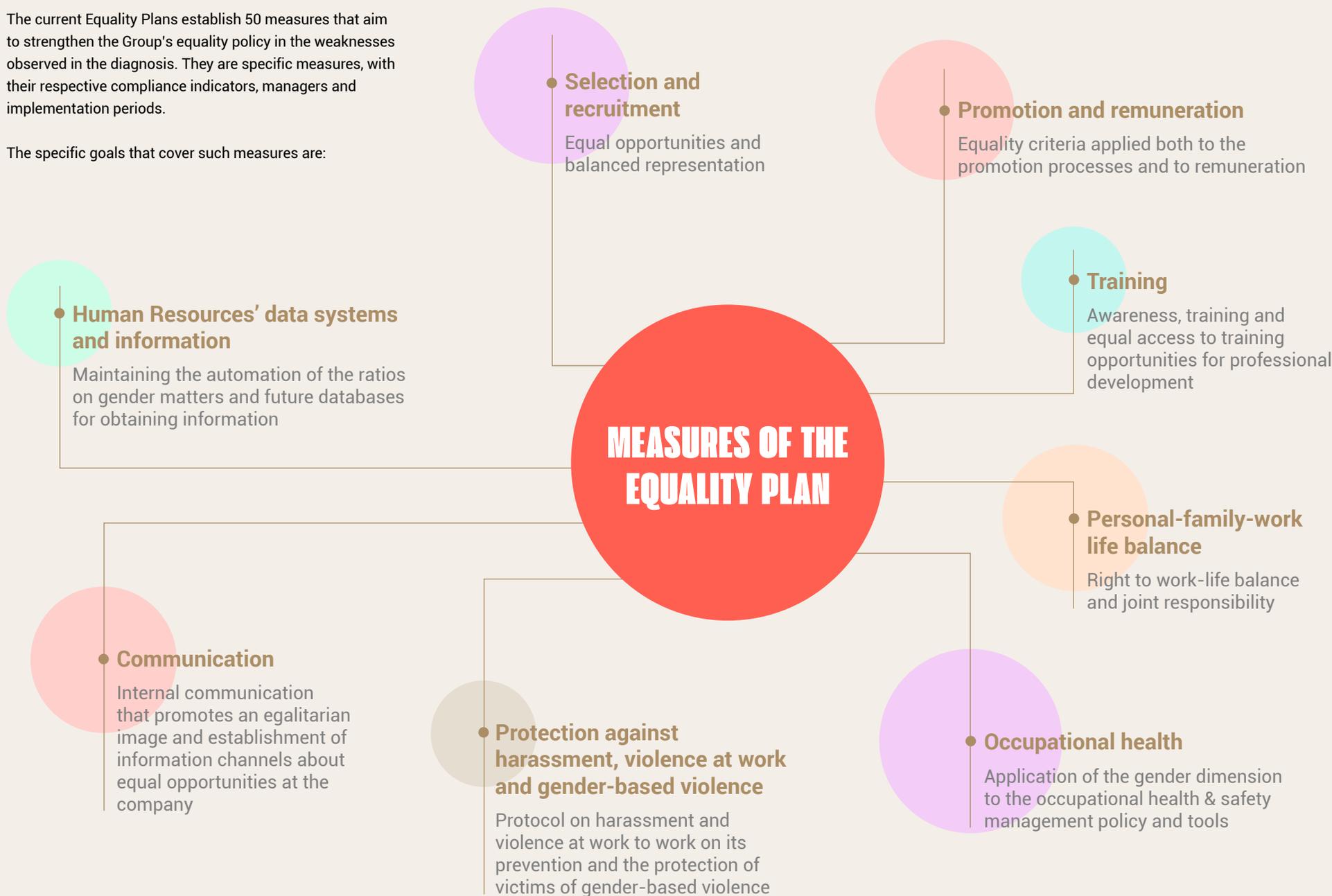
PROMOTION OF A PROFESSIONAL ENVIRONMENT that fosters equal employment opportunities and prohibits discriminatory practices, paying special attention to the different types of harassment.

With the aim of ascertaining which measures were necessary in order to achieve effective equality, a diagnosis on equality has been conducted in EDP, through a quantitative and qualitative analysis of the staff situation in gender terms, based on the data available from previous years, as well as on the policies and processes involved.



The current Equality Plans establish 50 measures that aim to strengthen the Group's equality policy in the weaknesses observed in the diagnosis. They are specific measures, with their respective compliance indicators, managers and implementation periods.

The specific goals that cover such measures are:



These Plans represent our vision and internal work on equality matters. EDP España also participates in external initiatives and programmes aimed at promoting equality, in line with SDG 5:



AEMENER



During 2020, our support to the Spanish Association of Women in Energy (AEMENER) has been maintained. Among other projects, we have participated 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.

**MASSTEAM
(STEAM Asturian Women)
programme**



DP España participates in the MASSTEAM programme, a CTIC initiative for the promotion of STEAM studies among Asturian girls. The programme is developed in partnership with the General Directorate for Innovation, Research and Digital Transformation of the Regional Ministry of Science, Innovation and University of the Principality of Asturias, and it is an example of a public-private partnership on the matter, involving the participation of town councils, companies on an individual basis and the Asturian Association of Employers (FADE).

in the last two years of the mandatory secondary education stage. These are some of its goals:

- Developing positive attitudes towards STEAM disciplines and promoting the appeal of STEAM studies among girls.
- Raising awareness among female students using real experiences with professional STEAM women from the area,
- exploring professional opportunities and new STEAM professions.
- Creating public-private partnerships for the sustainability and scalation of the project.

It is an immersive guiding initiative for the promotion of scientific-technological studies among girls, planned to be executed in Asturias in the academic year 2020-2021, specifically

Likewise, Viesgo participates in the STEAM Talent Girl in Cantabria.

'Futuro en femenino' project



As regards equality matters, EDP España also sponsors the 'Futuro en Femenino' (A female future) initiative by the newspaper El Comercio, an education programme on equality for young people, which draws attention to the importance of the women's role in companies, institutions and the society in general.

This initiative seeks to highlight women that are role models in their different fields, in order to promote female talent in equal conditions. As for EDP España, the Sustainability and Labour Relations areas participated both in the edition of materials and in a talk addressed to schoolchildren.

4.2. Ethical

In September 2020, the General and Supervisory Board approved the Code of Ethics prepared by the Ethics Supplier's Office. This document supersedes the 2013 Code of Ethics and the Code of Ethics Regulations of October 2015.

The Code of Ethics is a tool that offers standards and behavioural rules aimed at supporting employees in the decision-making process. It must be highlighted that in no case it prevails over the current laws and regulations, but it supplements them. In EDP, the Code of Ethics is revised every two years, without prejudice to the fact that, if there are grounds for it, it may subject to extraordinary revisions.

The decisions made by all the employees of the companies of the EDP Group, regardless of their role, geographical location or functional report, as well as the suppliers' and all the stakeholders', are subject to the compliance with the Code of Ethics. In this sense, leaders are responsible for knowing, spreading and guaranteeing the implementation of initiatives that promote ethical culture in the company.

EDP's identity is the foundation of the Code of Ethics and is characterised by four features:

Focused on people

- Employees' well-being
- Health and safety
- Representation of the company
- Diversity and inclusion
- Harassment
- Human rights

Relationships of trust

- With shareholders
- With customers
- With suppliers
- With communities
- With competitors

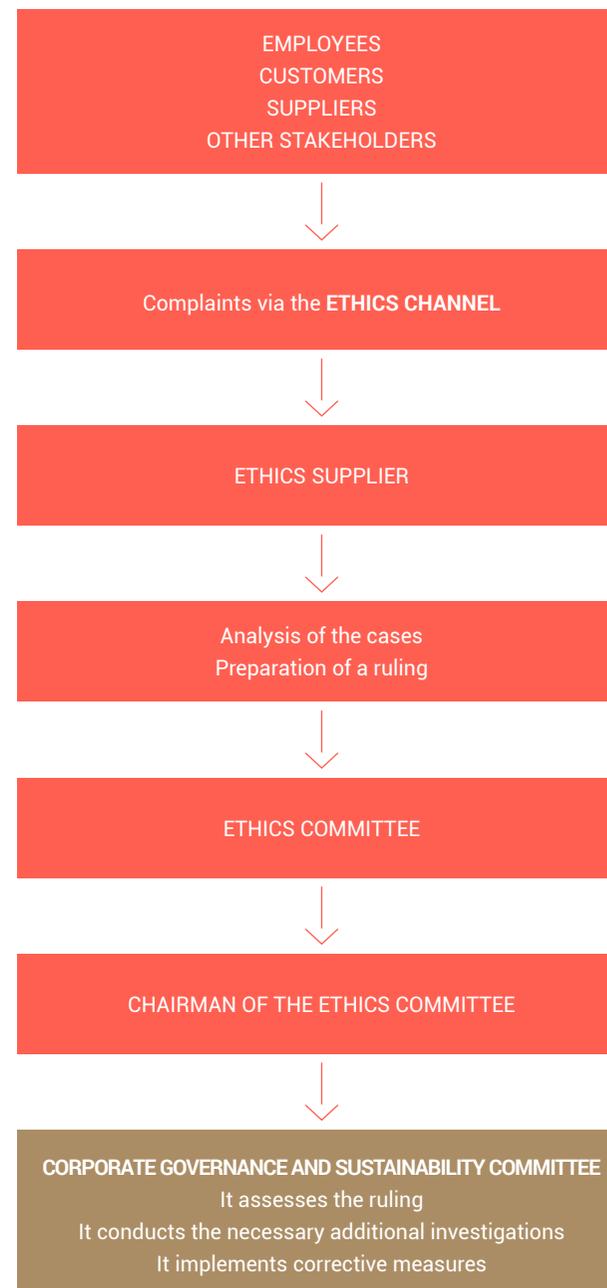
Changing industry

- Environment
- Energy transition
- Digital revolution
- Entrepreneurship and cooperation

Acting with integrity

- Privacy and personal data protection
- Use of the company's information
- Conflict of interests
- Corruption and bribery
- Fight against money laundering and the financing of terrorism
- Use of assets
- Gifts and entertainment

As regards each of the mentioned areas, the Code of Ethics specifies which you must and must not do. Furthermore, in the event of detecting ethical irregularities, an Ethics Channel is made available to all the stakeholders in order to file the pertinent complaints.



Where an action or decision coming into conflict with the Group's ethics is detected, there is a channel to inform the Ethics Supplier about each case. The Ethics Supplier is the role in charge of conducting an independent and impartial preliminary analysis of each case and submitting the complaints he or she deems appropriate to the Chairman of the Ethics Committee.

The Ethics Committee will be responsible for analysing the reported situations, issuing a ruling about the appropriateness of classifying them as a breach and, where appropriate, conducting an investigation to clear up the implications and repercussions of the actions investigated. Lastly, upon the end of the investigations, it must issue a ruling addressed to the Corporate Governance and Sustainability Committee (CGSC) and to the General and Supervisory Board. The CGSC will analyse the ruling and decide on the corrective measures to be applied. Additionally, it may implement changes that affect the company's policy or modify work methods in order to prevent future complaints of the same nature.

In 2020, EDP España's ethics channel recorded 29 complaints, none of which were considered appropriate, since they were complaints of a commercial nature, and were thus referred to and managed from the corresponding complaint area.

In the first months of 2020, it has been developed the e-learning course 'La Ética es Valor: en mí, en la Sociedad, en EDP' (Ethics is Value: in me, in society, in EDP) targeted at all the employees to strengthen awareness and sensitisation about corporate ethics matters. This training, developed with the collaboration of EDP University on its online campus, has had a remarkable engagement of nearly 70%.

The Code of Ethics was officially launched on 19 November, and it is available both on the website and on the corporate intranet, in digital form, which is much more practical, with the aim of enhancing and consolidating EDP's solid ethical culture.

In parallel, it was launched a first training, 'Ética es Valor: 15 01 años de Edificio Ético EDP' (Ethics is Value: 15 years of EDP's Ethical Building), available on the online campus for raising the employees' awareness of the progress in corporate ethics made by the company over the last 15 years.

As the main result of this progress, EDP has obtained, for nine years without interruption, the Ethisphere Institute's World's Most Ethical Companies Label. This seal, annually assessed, allows the comparison with other companies on a global level as regards ethical and compliance aspects.



[CLICK HERE TO GO TO WEBSITE](#)

The Code of Ethics of the EDP Group, the information about the Ethics Supplier and the ethical performance are available on the corporate website:



[CLICK HERE TO GO TO WEBSITE](#)

“This new revision of the Code of Ethics involves updating it in line with the current circumstances, giving it a digital form, much more practical and accessible, which allows all those bound to comply with it to obtain much clearer and more specific knowledge of its principles and commitments, with a view to keep strengthening the solid ethical culture that characterises the EDP Group”.

José Luis Martínez Mohedano

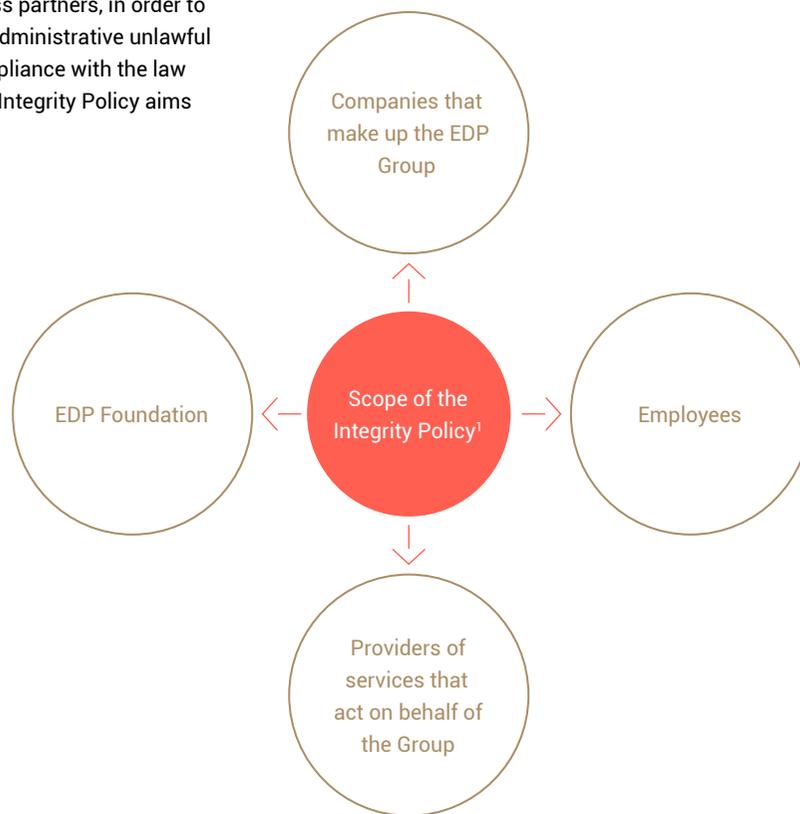
4.3. Upright

EDP's Integrity Policy was approved in May 2018. However, in order to strengthen the active role of the Group as regards the promotion of integrity and the prevention of illegal acts, both the policy and the principles and commitments must be revised and renewed on a regular basis. As a consequence thereof, in December 2020, the renewal of the Integrity Policy was approved, such being the second version.

The main goal of this Policy consists in defining the general principles for action and the duties of the EDP Group's companies, its employees and its business partners, in order to prevent the perpetration of criminal and administrative unlawful acts. In addition to guaranteeing the compliance with the law and the adopted principles and rules, the Integrity Policy aims

to contribute to the promotion of ethics and integrity in the development of the businesses of the EDP Group.

In 2020, it should be highlighted the independent assessment of the Corporate Compliance Management System pursuant to the International Standard on Assurance Engagements (ISAE 3000).

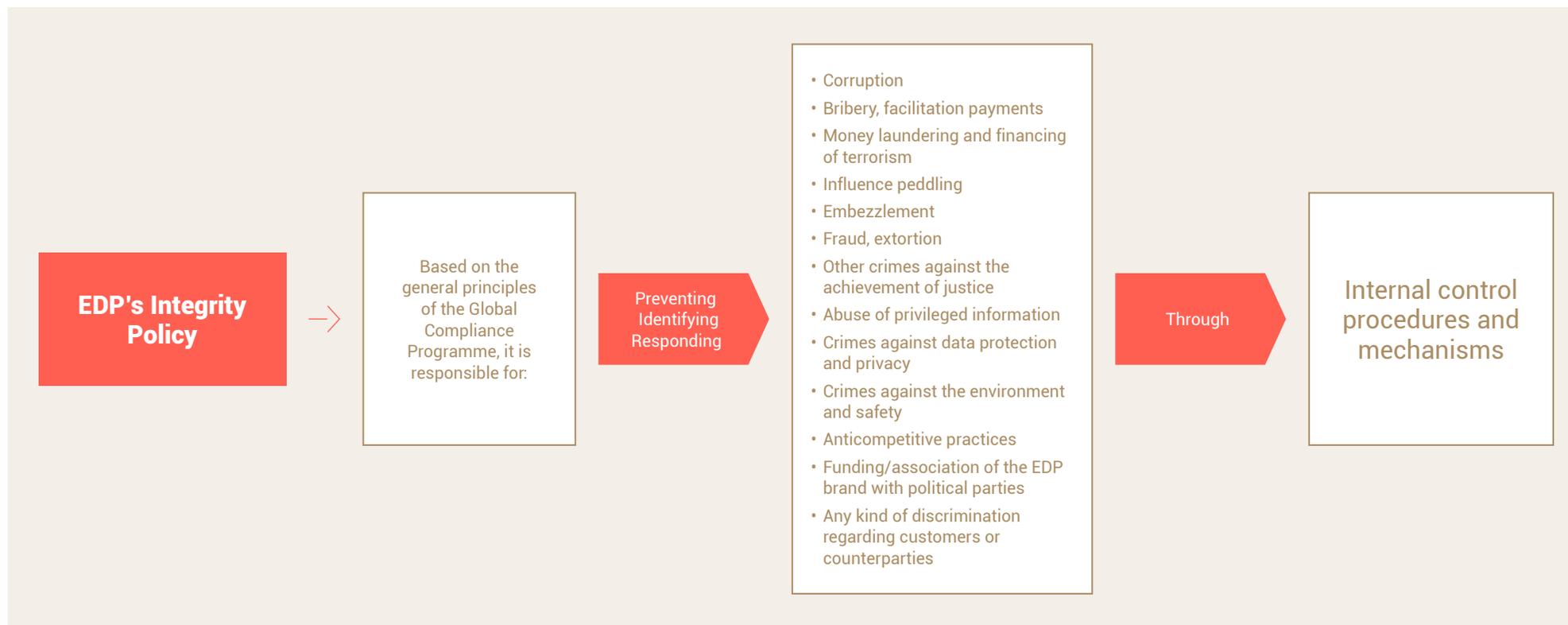


The Integrity Policy establishes the Group's way of acting with the aim of preventing, identifying and responding to the perpetration of unlawful acts envisaged therein.

The departments that are responsible for the preparation, revision and monitoring of the compliance with this policy are the following:

- **Executive Board of Directors:** it is the organ in charge of establishing the goals and approving and applying the management policies and models of the Company and the EDP Group.
- **Compliance Department:** se it is in charge of promoting the development of the Global Compliance Programme, ensuring in particular the identification, assessment, monitoring and notification of risks of legal or regulatory non-compliance. According to the conducted risk assessment, the companies of the EDP Group devise procedures and apply cross-cutting and/or specific control mechanisms that allow detailing the application of the principles of this policy and mitigating the risks identified in the Global Compliance Programme..
- **Internal Audit Office:** it guarantees the conducting of internal audits in the specific areas of the Global Compliance Programme, assessing in an independent, objective and systematic way the risk management, control and governance processes of the Group. The conducting of internal audits is planned at regular intervals, based on a risk map and a focus of attention previously identified.

¹ Always in strict compliance with the legal framework applicable in the countries in which the Group is present, expressly specifying in the scope of its policy its application to EDP España together with other subsidiaries of the Group.



The Integrity Policy, as well as the procedures associated with the Global Compliance Programme, is accessible to all the employees of the companies and entities comprising the EDP Group. There are different contact channels to report irregularities in connection with the policy itself, the Code of Ethics, the current law and the applicable regulations, as well as all the policies and procedures implemented by the EDP Group.

- Ethics channel:



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- Communication channel for reporting irregularities-financial issues/ prevention of money laundering and fight against the financing of terrorism.



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Among the remarkable actions of the year, along with the performance of the internal audits defined in the Global Compliance Programme, it stands out the implementation of a training about 'Relationship with Civil Servants and Politically Exposed People' regarding corruption or the obtaining of any kind of unlawful advantage, whether personally or for the company. The percentage of engagement of EDP España's employees has been 70%.

Principle 4, on integrity and good governance, displays all the Group's policies that, together with the Integrity Policy, guarantee governance. It includes policies on Information Security, Fair Competition Practices, Fiscal Matters, Human Rights and Personal Data Protection.



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CHANGE NO MORE

FROM MORE TO BETTER

Changing tomorrow now.



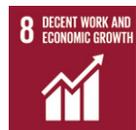
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05

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People's energy

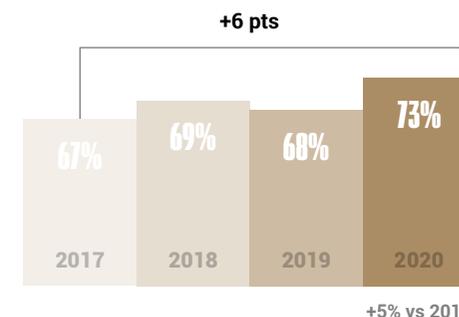


As customary in EDP, and proving, once again, the Company's focus on people, in December 2019, it was conducted the annual survey on work environment, the results of which were analysed and communicated to the entire staff during the first months of 2020, serving as basis for the current Action Plan.

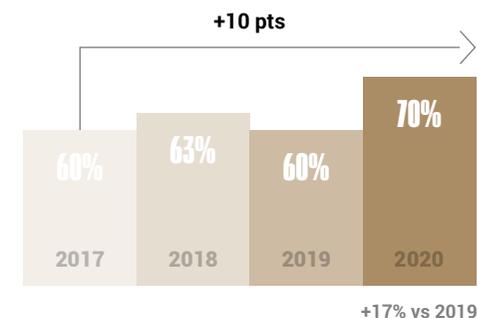
By the end of 2020, the annual survey was launched to keep listening to our employees, improving day by day thanks to their answers, the results of which will be analysed in 2021 in order to define new action plans.

In the latest survey, it was achieved a high engagement rate, 85%, 3% higher than the one in 2019. It revealed that the employees' level of engagement with EDP España (engagement) reached 73% (+5% vs 2019) and the corporate support (enablement) level was 70% (+10% vs 2019).

% Engagement



% Organisation



5.1. Employee's cycle in EDP

Recruitment and selection

2020 was a year full of challenges in personnel selection. Despite the health crisis context, EDP maintained its selection and recruitment policy, adding 74 new employees to its staff, with a special focus on profiles of high-potential young people under 35. Additionally, the recruitment of women in all type of profiles has been consolidated, being present in a very high percentage of the annual recruitment.

EDP seeks to recruit the best talents with digital and analytical profiles eager to take part in the company's new vision in order to build a team that always gives the best version of itself. In addition to great professionals, it also looks for people who identify with the values and challenges of the company. New profiles, new procedures, complete digitisation... Personnel selection is being reinvented with the creation and expansion of new businesses in 2020, distributed generation, sustainable mobility and 100% digitisation of the selection process.

Welcome and integration

This year 2020, it has been especially difficult to welcome the new employees that have joined the company, since they have done so in a 100% teleworking scenario. Nevertheless, we have tried to make them feel fully integrated, with telematic welcome programmes. Besides, trainees were welcomed with a digital event, in which they were transmitted EDP's culture and the challenges of all the businesses. Each tutor saw his or her trainee on an individual basis.

'Reconocer' programme

The 'Reconocer' ('Recognise') programme approved by EDP España's Operation Management Committee aims to give visibility to extraordinary and distinguished performances and behaviours, whether on an individual or a team basis.

Within the framework of the 'Reconocer' programme, managers will submit, on a quarterly basis, their proposals to reward the performance of ten employees and three teams.

The recognitions will be shared with the entire company, thus encouraging a transparency and appreciation culture. The reward for being recognised on an individual level is an El Corte Ingles gift card worth €250 for recognised employees, while the recognised teams/projects may choose an activity to carry out from the available catalogue.

Since 2017, EDP España has promoted a recognition culture and policy with the launch of individual badges on AboutMe. Such badges, awarded for collaboration, execution excellence and problem-solving, have laid the foundations of a positive, productive and collaborative organisational environment. Having reached 1,147 individual recognitions, the total balance is positive.

Mobility and career development

The internal mobility policy of the EDP Group has been offering its employees options for development and change within the Group. Employees may apply for the announced vacancies to keep developing, training and growing in the EDP Group. This may be done not only through indefinite opportunities for change, but also through temporary opportunities via the Grow platform (EDP's platform to build a talent market), the projects of which have renewed EDP's culture and offered new efficiencies and sharing of experience and expertise. 45 mobilities have taken place, out of which 22 have been intercompany and 23 intracompany.

Training

The 2020 Training Plan has been closed with a total of 25,114 hours taught and an engagement of 7,447 attendees (98% of the staff), with an average satisfaction level of 8.27 out of 10.

During this year, two have been the lines that have marked our way of working, adapted to the new needs:

- The DIGITISATION of the training, fostering online and virtual training via Teams. A total of 274 courses were taught, out of which 80% were online, allowing the continuity of the training process thanks to the adaptation effort made by everybody, students, external suppliers and, of course, with the priceless collaboration of internal instructors.
- The creation of FORMACION AL DIA (Up-to-date training), a web so they can benefit, in a proactive way, from webinars of general interest that are updated day by day, open training with available places and recommendations on courses of general interest, both online and face-to-face.

As for the contents, the challenges during this year were, among other, training in digital competences (Office tools), languages and occupational health & safety management, not forgetting technical and leadership skills.

Grow is the platform created by EDP to build a talent market, where the demand for competences for projects and tasks meets the company's internal talent, which allows EDP's staff to seize collaborative work opportunities for their professional growth.

The goal of this project is to identify the best internal talents in terms of skills and place them at the disposal of EDP España's needs, based on two main lines:

- Works for short-term projects (one year part-time or six months full-time maximum) and tasks/activities (40 hours maximum), in which employees will put their expertise and experience in the service of the project, so as to help launching it and teach new skills to their colleagues.
- Final mobility. It will consist in establishing organisational structures measured according to the actual need for resources (base 0) and, for this purpose, talent will be transferred from some units to others with the organisation's approval.

Norte Compartido Experience



Another important milestone that has marked the execution of the 2020 Training Plan has been Norte Compartido Experience, with the launch of the first streaming virtual workshops which, given their good reception, will continue in 2021. Its purpose is changing the way of working, directing us towards a more collaborative, flexible and digital culture.

In 2020, the following goals were achieved:

- Opening of a communication channel, which allowed us, on a monthly basis, to get informed about different news and progress and, especially, to listen the employees' proposals and interests: Norte Compartido Experience News.
- Development of e-learning training pills about the tools that are driving this change, available for all employees.
- Launch of the first Norte Compartido workshops via streaming, achieving the transformation of face-to-face workshops into a format that combines streaming sessions with pre-works and use of collaborative tools such as Miro and Teams.

Culture Committee

The Culture Committee, in which 38 members from all areas take part, kept working on the development and implementation of the strategic lines of change defined in the 2018 Culture Workshop. The initiatives that are being developed are divided into three groups:

- Employee's experience
- Sustainable productivity
- Efficiency and quickness

It should be highlighted the launch of the Virtual Knowledge Communities (40 people), derived from this working group. Specifically, two initiatives were launched:

- Robotisation and automation
- Sensorization and monitoring

People Up!



It is an initiative of EDP España's Action Plan that was derived from the 2019 Climate Survey, featuring a multi-format content that enables it to communicate and train, in a clear and effective way, about the topics that have received a lower rating in the Climate Survey:

- How to face change with a positive approach
- Commitment and pride
- Being appreciated and developing skills and competences
- Support and cooperation among departments
- Organisational support and productivity

The main goal is creating appreciative listening spaces in order to foster environments that strengthen flexibility and open-mindedness in complex times. The general satisfaction level of the programme has been 8.84 points.

5.2. Labour rights and social benefits

The Group's 3rd Collective Bargaining Agreement is still in force. It has been characterised by the implementation of Working Conditions such as Working hours, new remuneration items, etc., in accordance with the set targets, as well as by the creation and setting up of different Committees and Subcommittees on Labour Matters that apply.

All of this has been carried out in an environment of social peace and without internal conflicts, strikes or pressure measures.

In EDP España, we consider each employee's family and private life as an integral complement of the EDP Group's dimension. This means that being part of EDP involves being able to have a balance between your professional career and your individual and family interests.

Over the years, EDP España has been increasing the offer of measures to help balancing its employees' personal and professional life. In 2020, there have been more than 90 initiatives promoting balance in our employees' life related to:

- Family support
- Time and space flexibility
- Quality in the workplace
- Equal opportunities
- Professional and personal development
- Leadership and management styles

In 2020, the lines of work continued revolving around the improvement of the measures that received lower ratings from employees in the survey conducted in the previous year. Among all of them, the 'EDP is Healthy' programme should be highlighted.

This platform, integrated into 'EDP is Commitment to People', has been created to promote healthy habits among employees. The action plan is based on three pillars that foster the quality of life of those that are part of EDP and the well-being of their families, which is translated into a competitive advantage for EDP España.



Nutrition

Actions aimed at improving and maintaining a correct nutrition to ensure an improvement in health and well-being



Sports

Actions aimed at promoting the benefits of practising sports



Well-being

Actions aimed at fostering the prevention of diseases, thus strengthening the employees' health and well-being

As part of the commitment assumed by EDP to its employees' health, in 2020, we have maintained our membership of the Asturian Network of Healthy Companies. This initiative proposes keys to improve occupational well-being to the participating organisations, in addition to workshops to spread and promote healthy habits. Under this project, EDP also adhered to the Luxembourg Declaration, a consensus document prepared by the European Network for Workplace Health Promotion (ENWHP), which establishes the basic action principles and the framework for a proper management of the employees' health in the company.

In order to verify the work-life balance policies of EDP as a family-responsible company, it is necessary to meet the requirements of the EFR 1000-1 standard (version 4), which gathers all the actions we have carried out. As a consequence, the internal audit will be conducted in 2021, and an external audit will follow it.

After a three-year certification period, EDP has started a new cycle in which it keeps working to improve the lives of the people who are part of the company, adding actions and initiatives that secure this commitment.

The company has planned to conduct interviews with the employees in order to assess the use of the measures.

5.3. Teleworking and digitisation

2020 has been characterised by the irruption of the teleworking method. EDP has been evolving for some time towards a more agile and digital working model, and hence, the systems were ready to adopt teleworking, VPN (Virtual Private Network) technology and all the Office, ServiceNow, Teams, web navigation, IAM, Salesforce, intranet and easy4you tools. We also provided all the necessary resources, computer equipment and accessories, so that in the cases where the conditions were met, work could be carried out from home online and in the best conditions. Likewise, courses were organised to carry out this form of work correctly and securely. In this sense, the Information Security team has prepared and sent materials to all EDP España's employees with information on good practices in the use of corporate resources. This circumstance, which was new for many, meant an effort in this learning and adaptation stage, an effort that yielded positive results.

“2020 is clearly marked by the pandemic. Thanks to the effort made by the EDP team, teleworking, with geographical dispersion, and working safely onsite, the continuity of the business was guaranteed at all times”.

Félix Arribas Arias

Furthermore, the Cloud team has promoted activities related to digital activation of collaborative tools in collaboration with the DGU, with the aim of sharing the main collaborative tools available at EDP for effective communication and collaboration. This is in addition to training routes organising items according to use and levels that are complemented with the developed Wiki. All this has improved the adoption of these tools, facilitating the reorganisation of teleworking given the circumstances.

The Office365 final adoption rate (FAR), which measures the level of employee digitisation, shows the following year-on-year variation:

EDP ESPAÑA	DEC 2019	DEC 2020	PROGRESS
MFA	77.51%	85.20%	+7.69%
OUTLOOK	97.99%	98.40%	+0.41%
ONEDRIVE	68.30%	77.54%	+9.24%
SHAREPOINT	80.05%	80.94%	+0.89%
TEAMS	63.72%	83.93%	+20.21%



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This FAR is the arithmetic mean of the regular use of four basic Office365 tools: Outlook (Email), OneDrive (File Sharing), SharePoint (Broadcasting) and Teams (Communication) per employee.

Furthermore, workplaces where face-to-face work is and was a case of force majeure were fully available to perform their duties without any reduction in power supply and customer service.

Teleworking has also been a challenge for the 152 EDP España's trainees. In addition to being their first work experience, they are also learning at first-hand how a large company adapts to change. EDP is committed to training and is therefore committed to maintaining its professional training programme by providing students with the necessary tools so that they can continue with their professional training in their respective areas.

The year 2020 has been a turning point for EDP from the point of view of cybersecurity. For EDP, digitisation and cybersecurity are two views of the same reality: a world, cyberspace, in continuous expansion, in which agents that are both beneficial and malicious for society and their individuals coexist with constantly changing rules.

A practical example of this view was the lockdown in March due to COVID-19, which forced us into a massive, urgent digitisation of our workplaces. A cybersecurity perspective was also maintained in this accelerated digitisation, with new technological and training measures.

A cyber incident occurred in April with a corporate impact for EDP, and which tested in an actual way our cybersecurity mechanisms. Not only did we recover from the attack, but this recovery was carried out while maintaining a high percentage of teleworking, a more difficult response environment therefore than in normal situations.

This process of continuous improvement in cybersecurity, parallel to the digitisation of our activities, is an organisational challenge to which we respond with the usual pillars: processes, technologies and people, in addition to actions aimed at creating the intangible value of security for our stakeholders.

Recognition of this performance is shown in the development of the EDP Bitsight index, an external indicator that measures the security level of companies and which achieved a record in our history at the end of 2020, placing us at the highest levels if we compare ourselves with companies in our same field.

However, this result should not be used to adopt a conformist attitude, as prevention, in cybersecurity too, can always be better. Furthermore, both technology and malicious agents force us to continuously adapt to new challenges and threats in cyberspace.

'Leadership in the digital era'

In the beginning of the pandemic, four webinar sessions were designed with the aim of sharing the teleworking experience and tips for digital leadership management. This was an occasion to share and support employees, providing them with tools to help them in this new context.

		Participants
TM1 - Lockdown Experience: in the digital era	Leading	50
TM1 - Lockdown Experience: yourself	Lead	38
TM1 - Lockdown Experience: with an impact	Leading	32
TM1 - Lockdown Experience:		32
Leading change		152

Score 8.45/10



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Ágora

Ágora is the integral renovation project for improving the building of EDP España's headquarters in Oviedo, which was initiated in September 2019 and is expected to end in the beginning of 2021.

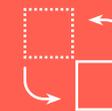
The main factors were related to a change in the way of working, driven by spaces that allow to improve flexibility, cooperation, productivity and the employees' well-being. Plus, the company looked for an efficient and sustainable building guaranteeing maximum comfort.

We are currently living a historic moment, which is changing our expectations and behaviours. We have the opportunity to rethink our way of working, the environment we have for it, the way of communicating and the role played by corporate environments in this process.



IN THE FUTURE...	THEREFORE...
There will be increased uncertainty about the demand for spaces. The daily use of the office will be less predictable.	We will need a different space .
The reasons driving us to go to the office will change.	We will have different requirements as regards space and the places for collaboration will increase .
People would rather go to the office to meet their colleagues.	We will use technology in the building to create a good user's experience that allows an efficient use of the space. We will also arrange different types of spaces to meet the employees' needs.
People will work remotely more often.	We will develop mechanisms to support employees' remote work with technology, equipment and services.

Today, we can say that we have safe spaces, which are a benchmark in the industry and which will help us to achieve our goals.



QUICKNESS AND FLEXIBILITY

Combination of different types of spaces. Maximum efficiency in the distribution and use of the office within a flexible environment in terms of space and functionality.



COLLABORATIVE SPACES

Variety of spaces both for individual and team work. Users have at their disposal a wide range of possibilities among which they can choose where to perform their best work according to each day's needs.



TECHNOLOGY AND INNOVATION

The fact that the different spaces are technologically supported and equipped not only speeds up the processes and daily activities, but it also has a positive impact on a more modern and updated vision of the work environment.



PRIDE IN BELONGING AND BRAND

A different design for a different way of working becomes the thread to create a renewed experience in the way employees perceive the company and interact with it.

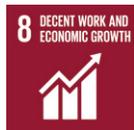
5.4. Health & safety at work

During 2020, the Policy on Health & Safety at Work has been renewed, but its purpose remains to strengthen the safety culture from the 'Zero Accidents' approach.

The policy was revised to be adjusted to the requirements of the ISO 45001:2018 standard, and EDP España has obtained the **ISO 45001 certification on the Occupational Health & Safety Management System**.

Among the noteworthy activities and projects, we should mention the implementation of the 'Measuring and assessment of partner companies' prevention performance' process, including the results of the prevention assessment throughout 2020, as well as the revision of the document 'Validation criteria on CAE2 training requirements: Contents', which gathers the regulatory changes in training obligations that partner companies must meet.

With all this, the company steadily makes progress towards a healthy company model. Thus, EDP España has adhered to the Luxembourg Declaration, a consensus document prepared by the European Network for Workplace Health Promotion which establishes the basic action principles and the framework for a good health management in the company and which covers all the aspects of the healthy work environment model defined by the WHO: workplace environment (occupational health & safety management), health resources and psychosocial workplace environment. All of which is, in turn, in line with the United Nations 2030 Agenda and, specifically, with Sustainable Development Goals 3 (Good Health and Well-being) and 8 (Decent Work and Economic Growth).



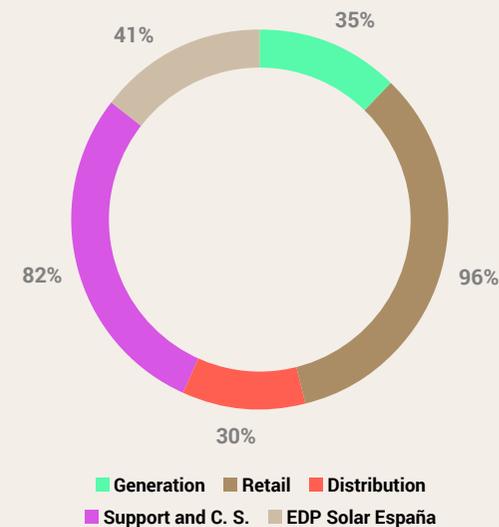
Management of the COVID-19 health crisis

With the general aim of limiting SARS- CoV-2 infections, on 6 March 2020, the EDP Group's Contingency Plan was activated in Spain, immediately followed by the creation of the Pandemic or Crisis Management Cabinet for EDP España.

Since the beginning of the crisis, different key actions were implemented. To name a few:

- Information has been given about prevention measures and instructions on how to act, as well as hygiene measures, and policies on cleaning and sanitising workplaces and equipment have been strengthened.
- work measures have been established through the implementation of teleworking.

Returns	
Generation	35
Retail	96
Distribution	30
Support and Central Services	82
EDP Solar España	41
Total	284



Operating status of the staff	Staff	Percentage
Teleworking	289	30%
Onsite	381	39%
Hybrid	298	31%
Total	968	

- The company has proceeded to close its sales offices.
- Communication with partner companies has been constant.
- Thanks to our coordination with the companies in the industry, basic measures for action have been established.
- The health area of the Prevention Service has prepared guidelines on how to act against COVID-19.
- A PCR and serological test campaign has been launched to screen asymptomatic people and thus avoid infections in its premises.

In EDP España, the total of positive COVID-19 cases since the beginning of the pandemic has been 42, detected through tests performed in the company itself and in the public healthcare system, including both staff employees and trainees (4) and employees from contractors (4). As at 31 December, the number of PCR tests performed amounted to 3,730.

For this purpose, the Management Cabinet has adopted, as the basic tool for transmitting information, a daily newsletter emailed to all the personnel of the company, a method through which it updates the preventive measures in effect, also contained on the corporate intranet.

a) Preventive measures

In line with the foregoing, the company has insisted on conveying the need to strengthen personal hygiene measures in all working areas and facing any exposure scenario.

These preventive measures apply on a general basis to all the groups of workers at EDP España without distinction, although a special effort has been made for the people who work for critical operators of essential services, that is groups of workers who must keep performing their duty in their work environment as usual.

b) Risk exposure assessment

Taking into account the preventive measures adopted in EDP España, the risk scenario for in-house staff who work for critical operators of essential services has been considered as a low likelihood of exposure.

In view of all the foregoing, the exposure of EDP España's staff to the COVID-19 infection risk in the performance of their work is controlled.

c) Return-to-work plan

The organisational measures are aimed at maintaining the minimum safety distance among workers, thus reducing the possibility of infection. The maximum capacity permitted in each room/hall in the workplace has been calculated, taking into account the measurements of each, the location and the size of the furniture and work equipment, as well as the distribution and measurements of the workstations.

Among the organisational measures, the following have been considered:

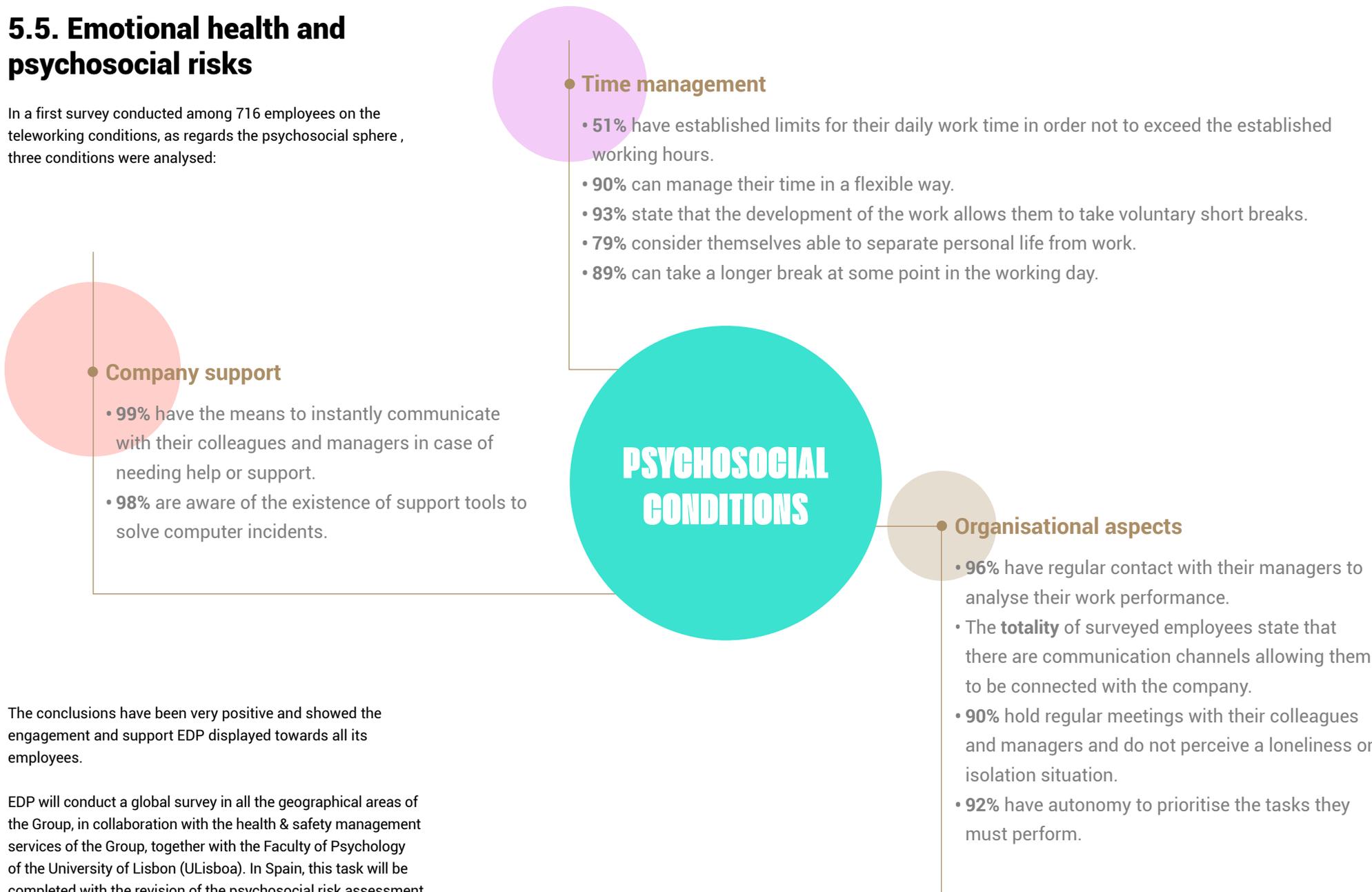
- Transport of staff
- Access and reception/shipping control
- Work organisation
- Organisation of communal areas

The preventive measures have included both general and specific measures for those workers with a low risk of exposure.

- General measures:
 - Hygiene measures
 - Cleaning measures
 - Signposting using labels and posters in all the premises and workstations in the offices
- Specific measures for healthcare workers
- Specific measures where the minimum safety distance among the staff cannot be guaranteed
- Measures for especially vulnerable employees
- Heating and A/C, both as regards the effort to clean air filters and the increase of natural ventilation
- Self-assessment of teleworking

5.5. Emotional health and psychosocial risks

In a first survey conducted among 716 employees on the teleworking conditions, as regards the psychosocial sphere, three conditions were analysed:



The conclusions have been very positive and showed the engagement and support EDP displayed towards all its employees.

EDP will conduct a global survey in all the geographical areas of the Group, in collaboration with the health & safety management services of the Group, together with the Faculty of Psychology of the University of Lisbon (ULisboa). In Spain, this task will be completed with the revision of the psychosocial risk assessment.

5.6. Volunteering



[CLICK HERE TO GO TO WEBSITE](#)

Are you up for it? This is how EDP directly challenges its employees not only to participate in some of the more than 150 volunteering actions that are currently ongoing, but also to suggest their own initiatives and share their results and experiences. All this is done through a portal especially designed for the programme.

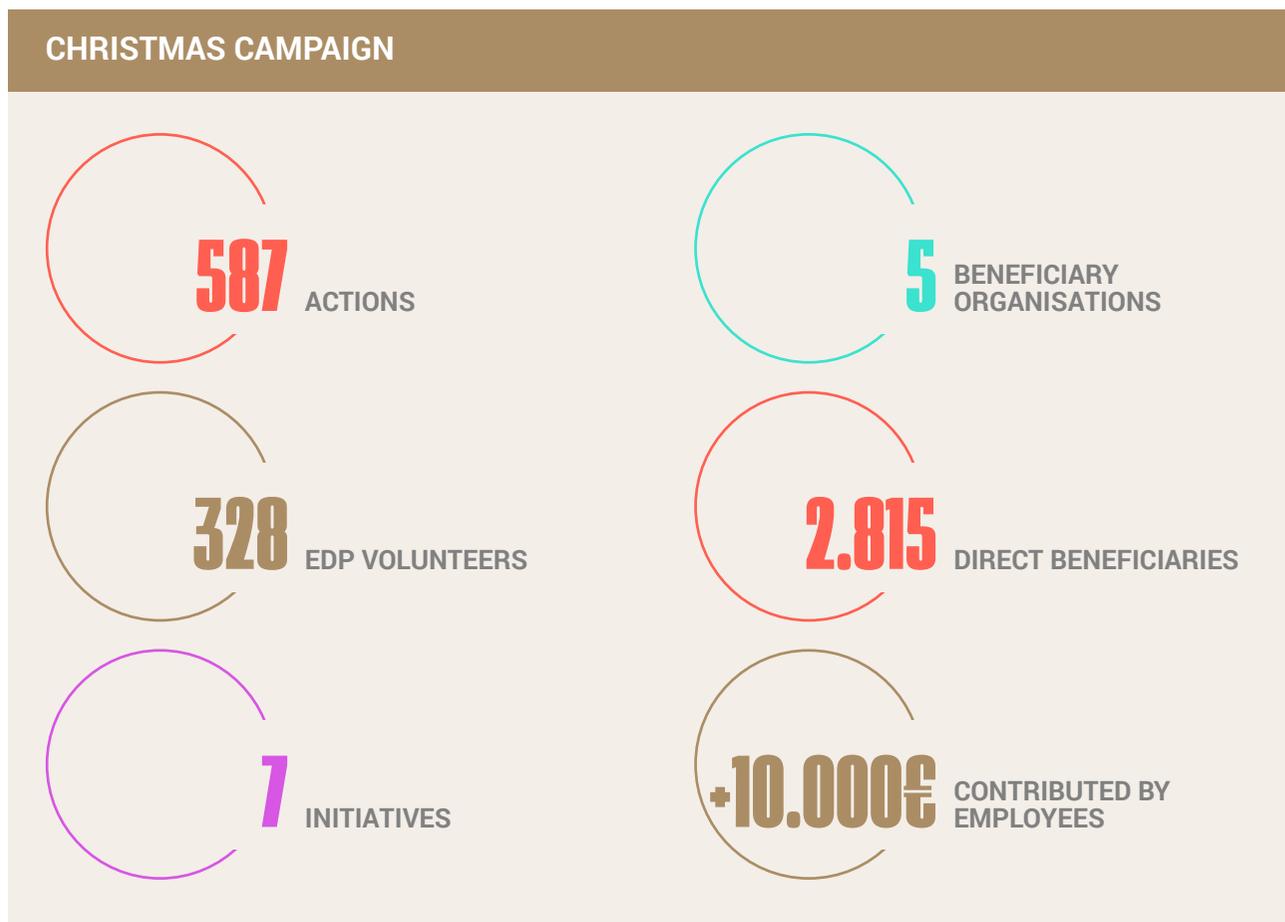
The Volunteering Programme in EDP is a strategic programme that is part of the 2020-2022 Sustainability Plan, within the 'Labour Practices' block, and aims to reach 20% of engagement by 2022.

In year 2020, with the current triple health, economic and social crisis, it has been quite a challenge to redirect the Volunteering Programme to guarantee actions that are now more necessary than ever. In order to boost volunteering in this pandemic, the company has organised the campaigns 'I dare to volunteer in safe conditions' and 'Digital volunteering guide for managers and volunteers'. In figures, 338 volunteers have dedicated a total of 1,508.4 hours to volunteer in 19 initiatives throughout the year.

In the Volunteering Programme, we should highlight the Christmas Campaign, in its 10th series, which was organised this year under the slogan 'This Christmas I dare to overcome the distance'.

The campaign was focused on supporting the groups that have been more affected by the pandemic, being centred on two major areas for intervention: fight against poverty and fight against social isolation.

The organised initiatives included putting together and donating Christmas boxes, offering presents to the children that are in foster homes or whose families are in need,



EDP's Volunteering Programme is a skill-based volunteering programme, since the engagement in this type of actions supports the growth of people and, at the same time, people's talent and skills actively contribute to the development and transformation of communities.

The main core of the programme consists in putting at the disposal of all employees four remunerated hours per

month in order to volunteer for EDP projects or other projects or collaborations with entities and NGOs selected by the volunteers themselves, to which they will devote at least four more hours. Additionally, the EDP Foundation offers the company's volunteers the chance to participate in projects with a deep social impact, such as EDP Solidaria, Energía Solidaria or the recently launched EDP Foundation Academy, a programme aimed at EDP Solidaria's beneficiary entities

through all its series, whose purpose is helping to strengthen the organisational skills of partner entities in order to enhance their social impact.

EDP has just joined Voluntare, the biggest international corporate volunteering network, as a collaborating partner. This network is a meeting and collaboration place for organisations, companies and people, which is already made up of more than 80 members, all of which are leaders in corporate volunteering. Voluntare is distinguished by its global, dynamic, useful, innovative and open-minded character.

Christmas campaign:

Charity sales to raise funds and collaborate with:

- Aspace
- Banco de Alimentos
- Asociación Síndrome de Down.

Toys for children from families in need:

- Cruz Roja Bilbao
- Social centre M^a Inmaculada

Breakfasts:

- Siervas de Jesús
- Fundación Hogar San José

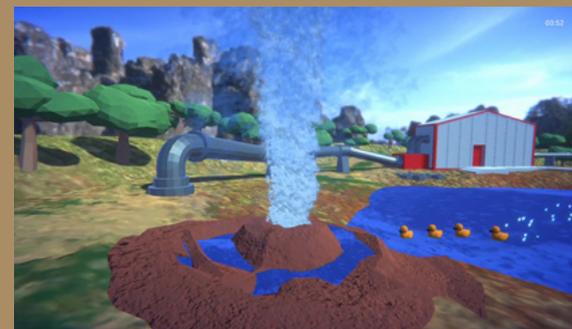
Spreading hope to all homes:

- Children from the social centre M^a Inmaculada
- EDP family members

2020 Christmas day

More than 150 boys and girls, relatives of EDP España's employees, participated in a digital event that was developed over several sessions throughout the Christmas holidays. Through immersive 3D videos, they travelled across the distribution grids, accompanying and helping the Three Wise Men to solve different challenges required to find the bag of presents. This way, they were able to visit a hydraulic plant, a wind farm, a biomass plant and an electrical substation.

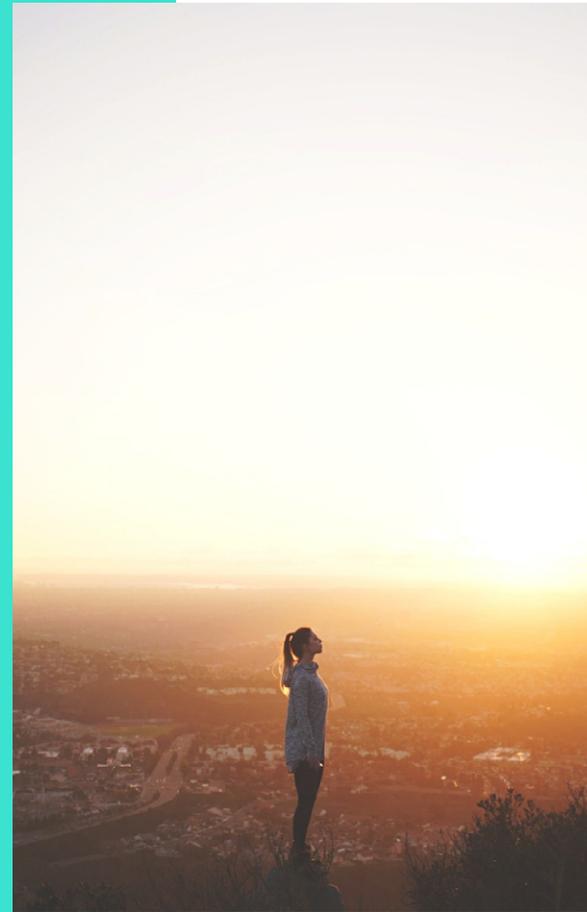
The four elements, earth, fire, water and air, were used as link to solve the challenges that took place in a virtual reality world created for the event, in which participants had to solve the great final challenge that led to find the presents and find out who were the winners of the competition.



PEOPLE PEOPLE

FROM STRIVE
TO THRIVE

Changing tomorrow now.



06

RESPONSIBLE CUSTOMER BEHAVIOUR

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06

Responsible customer behaviour



After the sale of the B2C portfolio in the TOTAL transaction, the current commercial portfolio of EDP España comprises Solar (EDP Solar), Electric Mobility and Business (B2B) products.

Both Solar and Mobility are products that assume by themselves the principle of 'sustainable consumption' in customers. As for Business, in addition to the energy offer

(gas and power), it includes an entire portfolio of value-added services that seek to increase the rates of sustainable consumption by eligible customers such as companies and large consumers.

From the Retail area, and after the global pandemic situation, we have speeded up digital transformation processes with highly advanced projects in the implementation of the tools from the Salesforce and Marketing Cloud ecosystem, meeting our customers' needs in an agile and organised way in the COVID-19 crisis.

These tools have allowed us to address our customers in a personalised way, identifying the contact points EDP has with them and vice versa, offering them an improved customer experience. We are immersed in a digital acceleration project which is focused on our customers, and our priority is offering them the best customer care.

Furthermore, safety and quality of supply are the key goals of the Distribution activity with respect to our customers.

E-Redes carries out the electricity distribution activity of the EDP Group in Spain in six provinces: Asturias (which represents 95% of its supplies), Madrid, Huesca, Zaragoza, Valencia and Alicante.

Thanks to the acquisition of Viesgo, the activity has been extended to new geographical areas that include Cantabria, the rest of Asturias, Galicia and Castilla y León.

The Installed Power Equivalent Interruption Time (TIEPI) of E-Redes in year 2020 has reached a new record in the historical series, 15 minutes, which reflects the high-quality level of the supply.

Additionally, the customer satisfaction level is measured according to the NPS (Net Promoter Score) index, which rates the customers' likelihood to recommend something on a scale from 0 to 10, the data of which are gathered through a simple survey. In Viesgo, this index has risen by 12% with respect to 2018.

Loyalty level of our customers

+ 12% NPS

en 2020 vs 2018

The 'Improvements in internal and external channels' plan already launched in 2019 has allowed us to anticipate and respond to the customers' needs. Through the current project 'Diseño modelo de Voz' (Voice model design), we continue improving and strengthening our relations with customers and the rest of stakeholders.



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Responsible customer behaviour

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6.1. Digital marketing and commercial communication

2020, the year of changes

We will remember 2020 as the year of changes. On the occasion of the sale of part of the private customer portfolio, **EDP Comercializadora has evolved into EDP Clientes**: a new EDP focused on a more efficient and sustainable future, with a clear commitment to solar and electric mobility **value-added services and downstream products** for private customers and companies.

With this profound change in structure, **EDP Clientes has been renewed and has launched its own website**, in addition to opening new communication channels, such as the **LinkedIn profile of EDP Energía** and other new digital forms of contact with customers, used to strengthen the new brand position as a benchmark of the energy transition.

And, with the aim of offering the **best experience to our customers**, during 2020, we witnessed the materialisation of the **Sales Cloud** project. Thanks to this **digitisation of the sales and communication strategy**, the different teams have a 360° vision in real time of all the contact points with our customers, guaranteeing the best service in a personalised way and meeting ambitious quality standards.

During 2021, our main goal is **to consolidate the new position of the brand** in the relevant areas where we are already known and appreciated and **to expand our presence and recognition** in the remaining areas of the national territory. Plus, we will continue moving forward towards **personalised digitisation and automation**, which will allow us to be more efficient, guaranteeing the excellent treatment of our customers in all the communication channels.

Ready?

6.2. Customer satisfaction

The customer care service has been restructured after the sale of the entire B2C portfolio in the TOTAL operation.

Thus, customers have at their disposal a customer care service and a web personal area from which all the procedures can be performed.

Specifically, there is a customer care service for private customers, a customer care service for businesses and specific customer care lines for EDP Solar and sustainable mobility customers.

Furthermore, during year 2020, the company has proceeded to reorganise the Business Intelligence Department, which is now known as Business Intelligence and Operational Efficiency Department. It has been organised:

- B2B – already existing in the former organisation and focused on the traditional business intelligence activity for the B2B retail.

- New businesses – the same service, but focused on new businesses, generally based on clean energies with low emissions of CO2 and other pollutants, such as solar energy, electric mobility, green hydrogen, etc.
- Operational efficiency – focused on the optimisation of processes, for example, through RPA (Robot Process Automation) to automate repetitive low-value tasks in the different retail areas, which allows employees to focus on more specialised tasks with higher added value.

During 2020, the company has continued managing the GDPR in Retail, for which it has worked with the different retail areas on the improvement and updating of processes and controls in order to guarantee the protection of our customers' personal data.

As regards complaint management, there has not been any significant news during the year.



6.3. Solar

In 2020, the crisis caused by COVID-19 had a significant impact on all sectors, including the photovoltaic industry. Despite the pandemic, according to the Spanish PV Association (UNEF), in 2020, '596 MW of solar photovoltaic capacity was installed for self-consumption in Spain, representing an increase of 30% on the previous year. Domestic self-consumption has experienced unprecedented growth, reaching 19% of the solar photovoltaic MW installed. More and more families are opting for this cheaper and cleaner technology thanks to the elimination of administrative barriers, local incentives for installations and the savings achieved with the lockdown measures.' The Spanish market is thus embarking on a path of residential self-consumption development that other countries such as Germany, France, Italy and the United Kingdom started out more than five years ago.

EDP Solar exemplifies the EDP Group's commitment to sustainability. In 2020, self-consumed solar energy was brought to more than 1,000 homes and small businesses. With these installations alone, the EDP Group has contributed to saving 1.8 GWh in thermal power generation per year, equivalent to 0.4 tonnes of CO₂ each year.



EDP Solar has worked hard to offer both its residential and business customers a value proposition focused on quality of service, with individualised commercial and technical support throughout the process of purchasing, licensing, installation and operation of the photovoltaic plant. Similarly, and with the aim of bringing the benefits of solar energy closer to the public, EDP has reached important agreements with leading companies in the retail sector to facilitate access to information and the acquisition of maximum efficiency energy solutions for the home by private customers.



Example of an installation in a single-family dwelling and in a homeowners association.

Likewise, in 2020, EDP collaborated with the multinational Orange in the implementation of solar self-consumption solutions at base stations distributed throughout the country, which has enabled the company that owns these antennas to make significant savings in electricity costs and improve its quality of service, guaranteeing the operation of its communications network and avoiding risks in the event of possible power cuts. This is undoubtedly a major step towards carbon neutrality and compliance with the decarbonisation targets set by Orange.

EDP Solar's commitment to sustainability and supporting energy transition has gone hand in hand with our commitment to facilitate access to energy for the most disadvantaged through the figure of 'Barrios Solares' (Solar Neighbourhoods). In 2020, we announced the creation of the first Solar Neighbourhood in Spain, in partnership with ECODES and Zaragoza Town Council, which will be operational in 2021. Solar Neighbourhoods are photovoltaic installations in assigned spaces, both public and private, aimed at collective self-consumption by using the grid and in which residents and businesses located within a 500-metre radius can participate. Each photovoltaic installation will have a peak power of 100 kW, and will serve 200 participants (0.5 kWp per participant). Of these 200 participants, 10% will be households in a situation of vulnerability, which will participate with the same energy share, but without paying any fees.

Furthermore, EDP made an effort in 2020 so that anyone with a roof or available space can do their bit to promote more sustainable energy consumption in their area. We thus launched new products in 2020 dedicated to those who want to make their business more sustainable (franchise chains for example) or to take advantage of the roofs of their apartment blocks and all types of buildings to create clean energy. In many of these cases, EDP is also facilitating access to these formulas through a programme of deferred payments or lease models financed entirely with its own capital.



Innovation has been and continues to be one of the hallmarks of EDP Solar and a key element in ensuring customer empowerment when managing self-consumption installations.

EDP has a 'Smart home' monitoring platform, with its own technology (RE:DY), which allows all its customers to control their energy from any location and see the surplus energy generated, which will then be compensated in their electricity bill.

In addition, with the aim of informing the public about the advantages of photovoltaic energy, EDP has created the first community of solar energy ambassadors in Spain (www.edpsolarfriends.com). Through this programme to promote solar energy, any person, whether or not they are EDP customers, can sign up to promote this type of energy among their family, friends, etc. Their recommendations are rewarded with points that are redeemable from a wide range of reference catalogue, including sustainable products and with the possibility of making contributions to different NGOs such as the Cruz Roja, Cáritas or UNICEF, among others.



More about 'Barrio Solar'

'Barrio Solar' (Solar Neighbourhood) is a social innovation project that includes a technical side, such as photovoltaic installations for collective self-consumption, and a social side, such as the citizen participation model and the promotion of social cohesion in the neighbourhood, by using energy as a catalyst.

Photovoltaic systems are installed in spaces assigned by a private or public body and are intended for collective self-consumption through the grid, and in which residents and businesses covered by the proximity criteria established by Royal Decree 244/2019 can participate, including being located at a distance of less than 500 metres from the power generation facility.

To participate in the project, a service model is proposed in which participants pay a monthly fee instead of having to make an investment for the photovoltaic installation and without the need to change their electricity supplier.

The participation system with a service model, instead of ownership, as well as the use of publicly owned roofs, is one of the main innovations, as it allows the participation of households and businesses that are renting, and that would be unlikely to invest in a self-consumption installation if it were not for this service model. Furthermore, in the event that participants have contracted other products with EDP, other



self-consumption product models may be offered so that participants can select the one they consider to be of most interest.

Photovoltaic installations have a total peak power of 100 kW (50 + 50), and capacity to serve 200 participants (0.5 kWp per participant). Among these 200 participants, 10% will be households from the neighbourhood in a vulnerable situation, which will participate with the same share of the energy generated, but without paying any fees. This is another of the pillars of the project's social innovation.

Both the service participation model and the inclusion of vulnerable participants free of charge are two aspects that together make 'Barrio Solar' a pioneering and totally innovative initiative.

Another of the pillars of Solar Neighbourhood's innovation is the participation and creation of a community to generate environmental awareness and energy culture in the neighbourhood. For this purpose, a **Solar Neighbourhood Office** associated with the installation will be created to promote awareness-raising, training and advisory activities aimed at residents on aspects related to solar energy, energy culture and environmental awareness. Fundación EDP also joins this initiative with its Solidarity Energy project.

Launch of MiVē

MiVē is the first comprehensive electric mobility service in Spain, a subscription solution that fosters and facilitates electric mobility. It is a service that can be set up by the customer and covers all their needs as regards charging, both at home and on the road, assistance and other services related to 'zero emission' mobility.



37%

of company fleet electric vehicles

6.4. Sustainable mobility

In a context of economic slowdown where the automotive industry has been one of the most affected, with a drop in car sales of approximately 35% compared to 2019, electric vehicle registrations have almost doubled. Furthermore, the respective European and Spanish authorities have pointed to electric mobility and renewables as key vectors, not only for sustainable development, as they have been doing for years, but also to stimulate activity to overcome the crisis caused by COVID-19. 36% of the Viesgo internal vehicle fleet is electrified.

Thus, 2020 has been a year in which EDP has reinforced its commitment to electric mobility in Spain. Despite the sale of the B2C customer portfolio to Total, EDP will continue to market electric mobility and solar self-consumption solutions

to B2C customers, clearly stating its intention to play a leading role in the new downstream, something that also reinforces its commitment to the Sustainable Development Goals.

To fulfil this ambition, a broad strategic reflection has taken place internally in 2020 regarding the place EDP wants to occupy in electric mobility, what products it can offer to occupy this place and what resources it needs to be able to do so adequately. All this has resulted in a business plan for the next five years (2021-2025) that will be approved in 2021.

Such business plan aims to provide electric mobility solutions to both private customers, whether at home or on public roads, and business customers.



Charging point in the Asturias airport

With respect to private customers, EDP launched on 1 December MiVē. MiVē is a product that can be fully configured by the customer, by using a calculator, and in which all electric vehicle user needs are covered in a single fixed monthly fee: home charging, including the charger, its installation and the power used; charging outside the home, at MOVE ON public charging points, EDP's public charging app; and other additional services, which cover unforeseen events that vehicle users may encounter on the road, the replacement car service or the transfer of the vehicle to the holiday destination.

In the business segment, EDP is finalising the implementation of a configurator on the Save to Compete platform that will make it easier for managers to prepare proposals for their customers, and which will be operational by the end of 2020 or early 2021. As a new feature, EDP offers customers who so desire the possibility of having their charging points managed through MOVE ON. Business customers thus decide the conditions of access to their

charging points (users, prices, etc.), EDP carries out the corresponding management and subsequently returns the revenue generated to the business customer. The company thus obtains a potential new revenue stream.

And all this without halting business in 2020. Throughout the year, EDP increased the number of sales and customers in all segments, with special emphasis on public charging through MOVE ON. 2020 ends with more than 2,000 registered users and approximately 170 MWh charged, equivalent to around 850,000 km and around 127 tonnes of CO₂ saved.

These charges have taken place at the more than 280 public charging points currently accessible with EDP through the app, approximately double the number there were at the end of 2019. Part of these new charging points have started operating thanks to the partnerships EDP forged during the year. These partnerships allow EDP to maintain its dominant position as a public charging operator in the north of Spain but, above all, to expand EDP's public charging network throughout the country.

EDP is also continuing with its commitment to interoperability. This means that by using the MOVE ON app, customers are not only able to charge at the more than 280 EDP charging points, but also at those owned by other operators. So, thanks to this service, MOVE ON customers currently have more than 800 charging points available at 400 locations. This way, EDP is making it easier for electric vehicle users to access the largest possible number of charging points through a single app.

All in all, EDP is reaffirming its commitment to always offer its customers, both private and business customers, the best solutions for the transition to electric mobility, an unstoppable transition for sustainable development.



Asturias-Madrid connection in an electric vehicle

Travelling from Asturias to Madrid in an electric vehicle with the reassurance that you have fast-charging points along the journey is already a reality. EDP, which has almost 300 points in public access areas in Spain, has achieved a new milestone in electric mobility thanks to the launch of a fast-charging point in Medina del Campo, Valladolid. With this installation, drivers have at their disposal EDP's charging points in Asturias, León (Palazuelo service area), Medina del Campo and Madrid, which means that they have the necessary infrastructure to make the journey with reassurance.



6.5. Energy services

The Energy Services area develops its activity in the B2B market, offering energy efficiency and installation safety solutions, which range from energy audits to specialised services defined ad hoc according to the customer's needs.

Thanks to the activities performed throughout the year, the company has achieved a saving of 19.6 GWh in customers, a figure that could reach 45.6 GWh if all the efficiency measures identified in the conducted audits were implemented.

This saving in customers is translated into 4.9 t of CO₂ avoided, a figure that could also rise to 12.6 t if those measures were taken into account.

Building



- 13 fuel switching projects
- 3,597 preventive maintenance services in boiler rooms
- 2,997 corrective maintenance services in boiler rooms

Standard



- Energy audits: 257 supply points
- 6 transformation centre projects
- 889 comprehensive maintenance services
- 8 efficient lighting projects
- 128 value-added services (corrective, optimum, and capacitor banks)

Customised



- 0 photovoltaic projects:
 - 17 standard: 1.4 MWp
 - 13 customised: 12.7 MWp
- 1 desulfurizing project with a 3.9 MW single-cycle steam turbine generation plant
- 2 special projects: Fertiberia and Solvay

The 30 aforementioned photovoltaic projects have an approximate power of 14.1 MWp.

Out of them, 5 MWp have been put into operation and 3.6 MWp are under construction. The remaining 5,5 MWp is in the course of being engineered/processed. Outside the photovoltaic sphere, the most relevant projects in 2020 are:

- DOY (DeSOX+ 3.9 MW single cycle), currently under construction and with a date of commissioning set in March 2021.
- Solvay. Change of seven compressors and four dryers. In operation.

6.6. Customers connected to smart grids

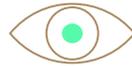
Guaranteeing the best quality of service and direct and personalised customer care is the goal of the Distribution activity.

For this purpose, improvement projects are continuously carried out in the existing installations, focused on the enhancement of the efficiency thereof, as well as new projects for a better exploitation of the grids, through new processes and smart equipment.

One example of the improvements in the existing installations are the actions executed in Grado and Pumarín substations, where new transformers have been installed, allowing to improve the security of supply in the councils of Oviedo, Grado, Las Regueras and Candamo.

The design of the new equipment incorporates a whole series of improvements from the point of view of efficiency, security and sustainability, such as the integration of connected own protections, which allows the transformer to monitor internal physical parameters in order to detect anomalous operational situations and improve their management.

This functionality also opens the door to future data-based improvements, since the parameters controlled by the transformer will be integrated on a web visualisation platform accessible from the offices and mobile devices.



New fault-detecting equipment

[CLICK HERE TO WATCH VIDEO](#)

InovGrid

This innovative project makes the grid smarter. Among the relevant events developed during the year, it should be highlighted the start of the remote management of supply point registrations, which significantly reduces the response time and does not require a field visit.

Along the same line of remote operations, on Mis Consumos website, customers have now the option to check instant meter

values, as well as the possibility of resetting the power circuit breaker in case of tripping due to exceeding the contracted supply power.



[CLICK HERE TO GO TO WEBSITE](#)

In the mobility area, the 'Contadores' (Meters) app has been put in production for handling and programming meters onsite, allowing the digitisation of information and thus ensuring the reliability of the data and their subsequent processing in the different systems.

Likewise, a personalised SMS notification system has been put into operation to notify customers about power supply interruptions in their home or business. Before, it could be checked on the website, but now, through a free subscription, customers will receive a personal notification.



The AMIGO system for the automatic diagnosis of incidents in the tele-management equipment kept being developed. This system is comprised of several modules: the visualisation module, the grid digital twin module and the diagnosis module itself. Plus, it is necessary to build interfaces with the tele-management data acquisition system and with the asset management system. During 2020, progress was made on the design of the grid digital twin module by modelling the grid graph, as well as on the web visualisation module of the equipment and its incidents according to the hierarchical supply and communication structures. Furthermore, a proof of concept was developed on a case of using automated classification of an equipment failure, applying for that purpose Deep Learning techniques and resulting in a success over 90 %.

Flash BT

The Flash BT project for the sensorization of the low-voltage grid has been continued, enabling us to efficiently meet the electrification of the economy challenges.

With regard to the 'Red Marte' (Mars Grid) project, the proof of concept has been completed, concluding that the uses of graph databases and time series together with relational databases allows almost real-time low-voltage management.

And with respect to data analytics, improvements have been achieved in both the forecasting and detection of faults in our distribution network, as well as in the reduction of energy losses in the grid and in the fight against electricity fraud.

Flash BT consists of a system that allows the low-voltage grid to be monitored quickly, accurately and in real time. With this system, the departments that manage the low voltage grid

can, among other things, anticipate possible faults, improve maintenance or enter new events in the central distribution office.

To develop Flash BT, it was necessary to deploy new equipment in the system (advanced line sensors or trackers), which are installed in low-voltage switchgears in medium to low-voltage transformers, while using data from the smart meters already deployed.

This project provides intelligence to the low-voltage grid and opens up new possibilities for the detailed planning thereof. It allows us to detect faults and irregularities in real time by connecting the equipment deployed to the SCADA system. It is thus possible to detect possible overloads on the lines; surges and undervoltage; non-technical losses, both the bypassing of meters and anomalies or fraud due to direct connections; as well as providing real-time support for fault resolution and improvements in the company's maintenance strategy.

With Flash BT, E-Redes is even better prepared for the transformation of the energy sector, mainly for the integration of self-consumption and electric vehicles. The company has checked that it is a system that allows the development of new grid management functionalities towards a horizon of flexibility and efficiency (integration of IoT sensors or sending of instructions to local markets, for example).

Until now, the project has been implemented in more than 400 indoor transformers, which involve more than 120,000 meters. Following the success of this project, the company has decided to continue the deployment of equipment and software development to expand the number of installations in operation. The aim is to reach 25% of indoor transformers in five years, which means having 1,000 transformers fitted with sensor systems (375,000 meters). The InovGrid, Construction and Operation and Remote Control teams, as well as EDP España's Innovation Department, are also participating in the development of the project.



Based on the same smart grids concept, the use of smart meters at Viesgo allows various real-time services, such as the rapid detection of faults in customer installations, real-time reconnections to supply points considered to be a priority or essential. (Average resolution time: 15 seconds) and online access to the meter to consult energy consumption. The result is greater customer satisfaction, with faster and more accurate procedures, as well as greater efficiency in technical and operational tasks.

DYNELEC

A noteworthy project is DYNELEC, which allows increasing the integration of renewable energies in power grids thanks to the monitoring of weather conditions, thus providing consumers with a better quality of supply.

By managing 1,100 km of a 132 kV grid by means of 50 weather stations and more than 180 sensors for actual measurement of the conductor temperature, restrictions have been significantly reduced. The dynamic overhead line operation technology



solves the problem of generated energy absorption, as it allows a greater integration of renewable energy and less need to create additional infrastructures, thereby improving the environmental footprint of the activity.

Other grid digitisation and automation projects include:

- Advanced predictive maintenance strategies that allow extending the useful life of assets, reducing maintenance costs and delaying the need for replacement. More than 11,250 assets are currently integrated in predictive maintenance.
- The MV Automation Plan that contributes to improving the quality of supply, improving response times to incidents and acting as a key efficiency lever. 1,169 points were automated at the end of 2020.
- The Integration of low-voltage signals provided by electronic meters with the grid operation system, providing real-time information on grid status and giving operators the capacity to consult the status of any electronic meter.

Finally, to improve the quality of supply, especially in rural areas, one feature is the pilot energy storage system that has been operational since June 2020 in the municipality of San Vicente del Monte (Valdáliga, Cantabria), the main technical features being 250 kVA of capacity and 232 kWh of energy. It is a lithium battery storage system and a converter. In the installation, the system monitors the quality of the energy supplied by the grid so that, in the event of a failure or a power cut, it sends an

automatic warning to the control centre, which starts up the corresponding operation to rectify the incident. At the same time, the system automatically starts supplying energy to customers from the batteries, guaranteeing the continuity of supply until the main supply network is restored.

Mieres substation refurbishment

In September, work began on the refurbishment of the Mieres substation, a key project for the supply of electricity to the municipalities of Aller, Mieres and Lena. It aims not only to improve the quality of supply, but also to reduce the environmental and acoustic impact in the area, while the surrounding spaces will be renovated and fitted out to be used by the population.

The refurbishment also includes the renovation of the original building of the thermal power plant, which houses a turbo-alternator commissioned in 1915 that forms part of the history and industrial heritage of the area.



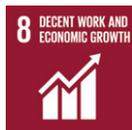
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COMMITTED SUPPLIERS

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Committed suppliers



Assessing our critical suppliers according to sustainability criteria and guaranteeing their environmental and health & safety certification where they are exposed to high risks, as well as their compliance with international standards in labour and human rights, is one of the strategic goals of the EDP Group for a more sustainable management of the supply chain.

2020 goals for the supply chain:

To reduce,
in a systematic way, accidents in suppliers and providers of services.

To protect
human rights in the supply chain in accordance with the Ruggie Framework and the Global Compact.

To audit
suppliers and providers of services exposed to risks on sustainability matters.

To assess
critical suppliers on sustainability matters.

To guarantee
the environmental and health & safety certification of the suppliers exposed to high risks.

Annual assessment of suppliers

The latest supplier assessment campaign performed, corresponding to 2019, was launched at the end of the year and completed throughout the month of January 2020. It assessed 100% of the proposed critical suppliers (108 suppliers). In the first months of 2021, it will be launched the assessment campaign corresponding to 2020.

In line with the operations applied on a Group level, accordance with the five assessment dimensions is ensured: Execution, management, environment, prevention and safety, and ethics and labour and human rights.

	Very good/Good
Quality of the performed service	88%
Execution deadlines	75%
Quality of the relationship with EDP	86%
Environment	67% (23%N/A)
Prevention and safety	65% (25%N/A)
Ethics and labour and human rights	65% (23%N/A)

No significant incidents have been identified in the safety and environmental performance or regarding ethical and labour and human right matters in any case.



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Committed suppliers

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7.1. Sustainability in the supply chain

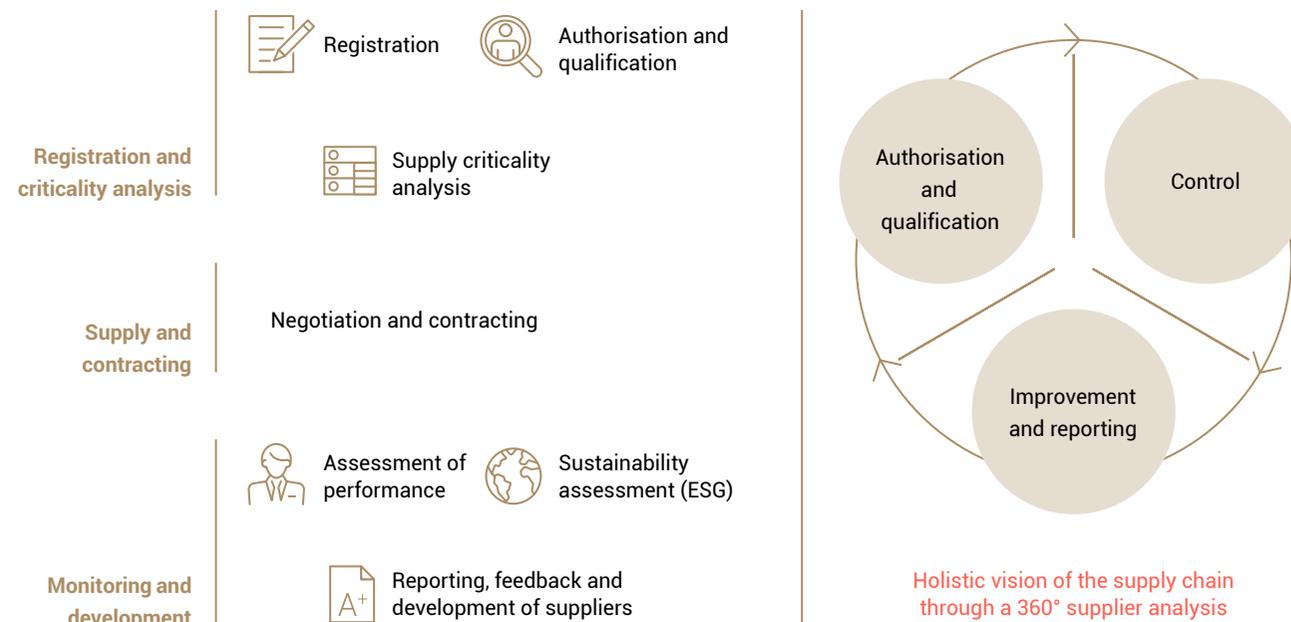
During year 2020, the Protocol on Sustainability Procedures in the Supply Chain was approved, the purpose of which is the implementation of sustainability criteria in the selection of suppliers and the monitoring of the performance of contracts under such variables.

Thus, an integrated analysis of suppliers has been designed aimed not only at categorising them using sustainability criteria and contracting risks, but also at establishing a stable supplier base, based on the identification of growth opportunities for the suppliers themselves as a starting point for the continuous improvement of the chain.

The Protocol is based on the international ISO 20400 standard, on sustainable procurement, and develops an extensive analysis on the criticality of supplies, which allows segmenting the critical contracts and anticipating the mitigation of risks.

Matrix for the supplier criticality analysis
12 criteria
Data protection Logistic and contractual management Ethics and labour and human rights Environmental and occupational health & safety risks Economic risks
3 segmentation levels: Low risk Medium risk High-critical risk

Likewise, the Protocol includes all the support activities in supplier management, with a holistic vision of the supply service, from registration to monitoring and development of suppliers:



Thus, the Protocol completes both the Code of Ethics of the EDP Group, applied to suppliers, and the Suppliers' Code of Conduct as regards the strengthening of sustainability throughout the entire supply chain.

Specifically, the Board of Directors of EDP España has ratified its support to the Protocol on Sustainability Procedures in the Supply Chain approved and in effect in EDP, declaring that it applies to all the supply actions in EDP España.

All aspects related to sustainable suppliers and procurement are available on the corporate website:



7.2. 'Suppliers' Voice' project

EDP España maintains relations with more than 2,000 suppliers, based on ethics, transparency and mutual respect, and guaranteeing the quality of the services.

The suppliers of EDP España – stakeholders included in the Value Chain segment – are a group that deserves to be listened to and understood. Their involvement in EDP's goals and their regular collaboration with different sectors of the company make us pay special attention to them.

Thus, in 2017, a first study was conducted, consisting in personal interviews with EDP España's suppliers selected by the managers of the generation, electricity distribution, gas distribution and retail businesses.

It assessed their worries and suggestions, and a summary of their main concerns was prepared, as a result of which the procurement process was fully analysed, from the preparation of technical specifications to the execution and the assessment of the supplier, stressing all the stages in which there is interaction with the supplier.

This analysis gave rise to 35 initiatives for improvement, which were implemented in this period.

Recently, a second round of personal interviews was conducted with 21 critical suppliers of the Generation and Distribution area, with an average duration of 1 to 1.5 hours, which assessed different aspects for improvement in the relations. In order to close the cycle, a final assessment survey was sent, which scored a global satisfaction level of 6 out of 7.

In general terms, the suppliers' perception has improved with respect to the 2017-2018 interviews and their assessment on the business units and procurement has been very positive:

- Very high opinion of EDP's people: professional, ethical, innovative.
- They emphasise EDP as an ethical, innovative environmentally friendly company.
- Responsible and sustainable company.
- High position with respect to other large companies.

The goal for year 2021 will be an in-depth analysis of the result of this work and the possible initiatives for improvement that may be derived from it.

7.3. Occupational risks in the supply chain

The occupational health & safety policy of the EDP Group applies to all the suppliers and providers of services, which assume a far-reaching commitment regarding prevention, attitude and will, systematic risk analysis and planning of works, all of which is in accordance with the most demanding safety criteria in order to achieve the 'zero accidents' target.

The year-on-year data section of this Report presents the safety indicators of partner companies, specifying both the number of accidents and the frequency and severity rates.



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CIRCULAR ECONOMY AS THE KEY

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Circular economy as the key

8.1. Environmental management structure in EDP España

In year 2003, the Environment division of EDP España was established with the aim of leading the implementation of environmental and sustainable development policies in accordance with the strategic goals of the Group and the current regulations.

In year 2020, the Environment function has been reorganised to coordinate environmental actions around the two major strategies set by the EDP group in its 2030 agenda: **climate change and circular economy**.

The electricity generation decarbonisation and adjustment actions are gathered in the Climate Change strategy that will allow us to face a significant part of our responsibility in global warming. The actions on natural capital and biodiversity – ecosystems and consumption of materials and equipment that are the basis for the processes of the different EDP España's businesses, as well as the ecosystems services – are addressed from the circular economy approach.

In parallel, building a climate-neutral economy in the second half of this century requires major technological, social and economic transformations, for which it is essential to strengthen the stakeholder management area in order to understand their needs and expectations.

The environment function is based on the general framework established by the ISO 14001 standard as a reference to address the **control and monitoring** of environmental matters in a systematic way and thus achieve:

- The protection of the environment through prevention
- The mitigation of direct and indirect environmental impacts
- The compliance with the laws
- The communication of environmental information to stakeholders

- An improvement in the environmental performance according to the set environmental targets

In 2020, the Environment division also covers the management of sustainability, innovation, climate change, quality and stakeholders for the EDP España Group, shaping up the current Environment, Sustainability, Innovation and Climate Change division (ESICCD).

Additionally, each of the businesses with an environmental impact has environmental coordinators who collaborate with the ESICCD in the daily activity and formally through regular working groups.

At least twice a year, the Environment Committees (which are joint with Quality and Stakeholder Management) hold a meeting in which the coordinators, together with the ESICCD and the directors of each business, carry out the environmental monitoring of the different activities and installations.

Along with the monthly report to the Management Committee, three annual monographic sessions are held with the Top Management to carry out a detailed checking of the environmental management in the organisation, as well as one last annual monographic meeting with the Board of Directors.



8.2. EDP España's Circular Economy strategy

The Circular Economy concept was promoted by the European Union in 2015 in the light of current technological progress which, due to its scope and complexity, is causing a transformation that is very different from any previously experienced by society. Major industrial developments in the past (mechanisation, mass production and automation) occurred following a linear model based on a take-make-consume-throw away pattern, in the belief that resources were infinite and with ignorance of the impact on the environment. In the current situation, the projected growth of the world's population (an estimated 9 billion people by 2050) indicates that the demand for resources will continue to grow at a high rate, a factor which, together with their scarcity, will cause great fluctuations in raw material prices.

Based on this view, Europe encourages organisations to evolve towards the concept of the Circular Economy, the basic idea being 'Getting more with less'.

Within this framework established by the European Union, EDP España has committed to the transition towards clean and circular energy, defining its own circular economy strategy, which will not only bring it economic advantages, but environmental and social ones as well.

From an environmental point of view, a circular economy model is essential to tackle the climate crisis from a global perspective.

The fight against climate change currently presents an incomplete picture as efforts have been focused on the transition to renewables and on boosting energy efficiency measures. Both initiatives are essential, but they only cover 55% of global carbon dioxide emissions. The rest of the emissions come from the production of equipment, clothing, food and other products we use every day. And this is where

the circular economy can help complete the framework for combating global warming: by transforming the way we make and use products. This transformation can be achieved in industry by substantially increasing the use rates of assets and by recycling the materials used to make them, which will reduce the demand for items such as steel, aluminium and other metals, cement, virgin plastics, etc. and will consequently reduce the CO2 emissions associated with their production.

From a social point of view, it is the United Nations 2030 Agenda that has established the reference framework for sustainable development globally, defining 17 goals (SDGs) to be achieved by 2030. The transition towards a circular economy model is a necessary process to achieve most of these Sustainable Development Goals.

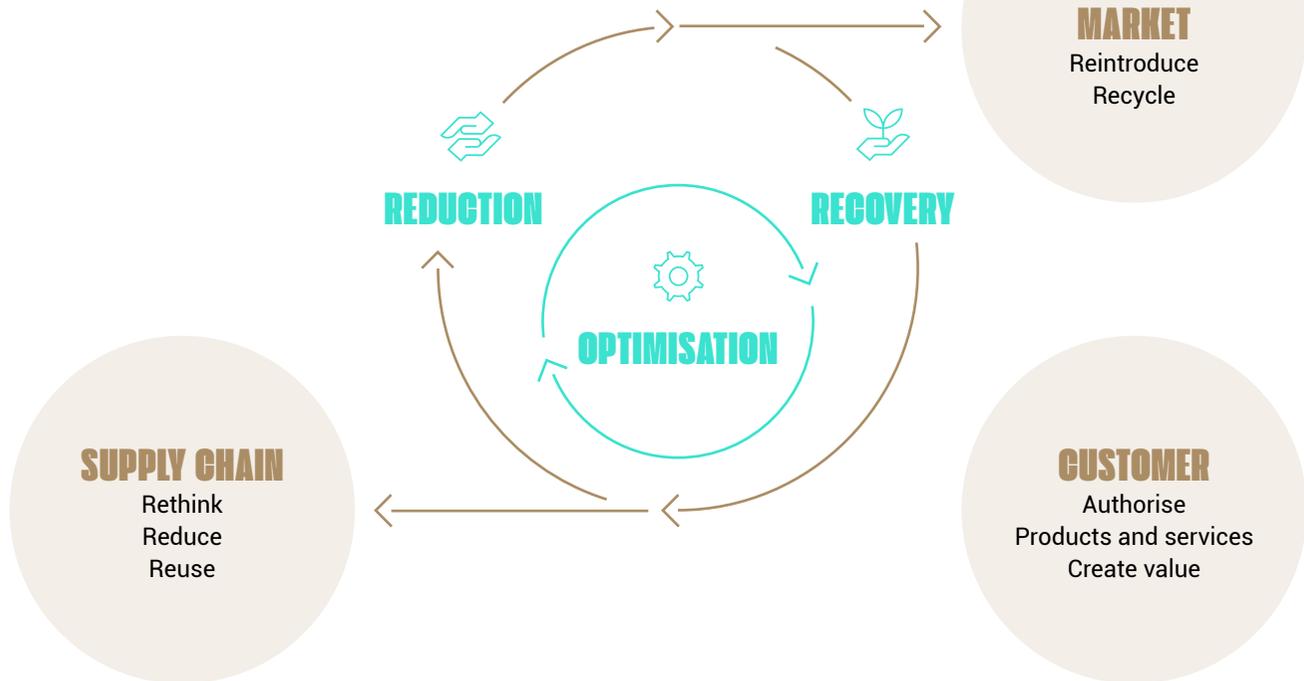
In addition to SDG 12, 'Responsible consumption and production', which is at the heart of the circular economy, the change of model will therefore contribute to increasing renewable energy production sources (SDG 7), making it possible to decouple economic growth from environmental degradation (SDG 8), and increase material productivity, which will in turn facilitate achievement of the SDG 9 targets (modernise infrastructure and reconvert industry to make it more sustainable, and increase innovation), address growing challenges such as the built environment, mobility and making cities liveable (SDG 11, Sustainable cities and communities), facilitate the conservation and sustainable use of terrestrial ecosystems (SDG 15) and promote partnerships to achieve the circular economy targets (SDG 17).

In this social and environmental context, EDP has defined its 2030 Agenda, in which it has set medium-term objectives for both the decarbonisation of its production and its contribution to the electrification of consumption. The short-term action lines in this strategy form part of EDP España's **2020-2022 Sustainability Plan**, based on 6 pillars (Human rights, Fair operating practices, the Environment, Labour practices,



Consumer affairs and Community development) on which actions have been defined to advance in the achievement of the SDGs that have been significant for the Group. The Environment pillar is structured around two major strategies: the **Climate Change strategy and the Circular Economy strategy.**

Therefore, the definition of a specific Circular Economy strategy, integrated within EDP's 2030 Agenda and EDP España's 2020-2022 Sustainability Plan and aligned with the Climate Change strategy, will make it possible to define the main areas of action for each of the Group's business lines.



Milestones in Circular Economy

The start of EDP's development in Circular Economy coincides with the first strategy on this matter communicated by the European Commission in 2015, when the company organised its first workshops to raise awareness, on an internal level, among the employees of the Group about the new concept.

In 2016

it carried out a pilot project on material flow analysis based on the installations of the different EDP's business units in Portugal.

In 2017

on the occasion of the launch of the European Platform for good practices related to Circular Economy, the utilisation of steel waste gases from ArcelorMittal for the Aboño thermal power plant was published as a case of collaboration between companies to reuse waste as a secondary raw material.

In 2018

the Spanish Government drafted a Pact on Circular Economy, which contains a summary of commitments for the signatory organisations regarding the progress towards circularity. EDP España adhered to this Pact.

In 2019

it was conducted an analysis and an exploration of the best practices in other companies (from the energy industry and from other sectors) related to the implementation of a circular economy model, which resulted in the definition of EDP España's own strategy, approved in year 2020, as well as the identification of specific initiatives for each business unit and the preparation of the multi-year 2020-2022 Action Plan.

Definition, principles and lines of action

The strategy rests on a definition adjusted to EDP's reality and on some principles on which all the lines of action to be defined must be based. Thus, for EDP, 'Circular Economy is the set of processes and technical solutions that allow to optimise the consumption and use of the resources and equipment required to offer its products and services, minimising the loss of materials and energy.'

Along with this definition, 7 principles have been established in line with the British BS 8001 standard, created by the British Standards Institution (BSI) in 2017, which is a practical framework and guidelines for the implementation of a circular economy strategy in organisations.

<p>1. Assume the extended responsibility of the organisation as part of a complex system in which all the parties are linked, thus considering all the positive and negative externalities caused to the environment.</p>
<p>2. Optimise the yield of resources so that they remain within the production cycle for as long as possible.</p>
<p>3. Conserve and strengthen the natural capital, considering as such all the natural resources that surround us (plants, minerals, animals, water, air, etc.) and the goods and services they provide us.</p>
<p>4. Direct the value chain towards the development of more effective production, distribution and energy consumption systems.</p>
<p>5. Foster innovation to develop new materials, products, business models and models of relations among the different agents comprising the value chain, transforming the current regulatory framework and searching for new technological solutions.</p>
<p>6. Create stable partnerships with different stakeholders (public sector, private sector, consumers) for a coordinated transition towards the circular model.</p>
<p>7. Transparent communication and commitment to the stakeholders through initiatives of awareness, sensitisation and promotion of responsible consumption.</p>

Based on the mentioned principles, EDP has defined **5 lines of action** to categorise the initiatives to be developed for the implementation of the circular economy strategy in the different business lines:

<p>1. New business models with initiatives aimed at offering services instead of products, sharing projects (fleets, buildings), value-added offers (green energy) for customers, etc.</p>
<p>2. Collaborative platforms for sharing materials, traction projects, open innovation projects, initiatives resulted from the policy on relations with stakeholders, etc.</p>
<p>3. Circular resources involving the replacement of old materials for other lasting, replaceable and smart ones, with a lesser impact on the life cycle; the use of renewable raw materials, mainly from local production; the incorporation of secondary raw materials; materials and products with product passport and eco-design; green procurement criteria; and sustainable waste management, promoting an effective reverse logistics chain.</p>
<p>4. Circular management of assets and products to extend the useful life of the existing assets through improvements in their exploitation, maintenance, automation, detection and remote direction; actions to minimise the impact of our business processes on ecosystem services.</p>
<p>5. Virtualisation or dematerialisation of processes derived from digitisation.</p>

With this framework, in 2020, more than 50 initiatives have been identified in the different lines, and we have made progress in the definition of the criteria allowing to categorise them in one or the other. Year 2021 will be focused on establishing circularity metrics aimed at reflecting the contribution made by each action to achieve a more circular company.

8.3. Natural capital and biodiversity

Natural capital is the stock of renewable and non-renewable natural resources such as plants, animals, air, water, soil and minerals that are combined to produce a flow of benefits for people. These flows are known as ecosystem services – such as air and water filtration, food production, pollination, climate regulation, erosion control and recreational spaces – which are essential resources and processes for human well-being.

Biodiversity refers to the variety in and among the living parts of this stock of resources. According to these definitions, we can include nature as a (capital) asset and biodiversity as a characteristic of those assets that enables them to be more productive and resilient.

All companies need natural capital to continue operating and contributing to economic development and social well-being. However, their decline and loss, largely due to the unsustainable demand for natural resources, has been increasing exponentially over the past few decades. It is therefore important for companies to take into account the value of nature by understanding the relationships between natural, social and economic systems.

Within this context, EDP España produced various studies on natural capital in 2020 to discover the impacts and dependencies that the various business lines have on it, and thus integrate the necessary biodiversity-related initiatives that contribute to the maintenance and strengthening of this natural capital.

Natural capital

In 2019, a working group on natural capital was set up in the Spanish energy sector, in which EDP España participates. Its purpose is identifying the impacts and dependencies of our businesses on natural capital, taking as basis the Natural Capital Protocol, the leading international framework. Various meetings held throughout 2019 and 2020 have made it possible to share experiences and knowledge in the processes involved in the identification, measurement and assessment of the impacts and dependencies of natural capital, taking the ecosystem services (goods and services) affected by the various business lines (thermal generation, hydraulic generation, wind energy, electricity distribution, etc.) as a starting point. As a result of this work, a guideline document will be produced which will gather the conclusions for all activities in the energy sector, and which can serve as a basis for future work on the assessment of natural capital around our installations.

Taking into account the draft results of this working group, EDP España produced two pilot projects in 2020. The first consisted of the practical application of the Natural Capital Protocol (identification of the major impacts and dependencies) at the La Riera hydraulic power plant, the qualitative assessment of these impacts and dependencies, and a proposal for management measures and good biodiversity practices to strengthen the most affected ecosystem services.

In the second project, corresponding to the Kinbauri power line (Salas, Tineo and Belmonte de Miranda councils), the natural capital present in the environment has been identified and quantified, calculating the net loss of this natural capital through a quantitative assessment of the impacts produced and, finally, the net debt of natural capital was obtained, including its monetisation. All of this was done in connection with the construction and operation of the power line and also including proposals for actions on biodiversity to reduce this debt during its useful life.

Biodiversity

One of the most relevant aspects in terms of biodiversity that affects EDP España's electricity distribution installations is the potential impact on birdlife due to the risk of electrocution and collision with power lines.

This aspect is covered by current regulations and involves the adaptation of high-voltage power lines depending on their location in the birdlife protection zones, which is determined by the autonomous regions in accordance with the requirements specified in Royal Decree 1432/2008.

In relation to this, EDP España is carrying out a study to check and adapt its lines in accordance with current technical and legal requirements in order to minimise the risk of electrocution of birds, which are especially protected in the designated protection areas.

As for Viesgo, it has a global plan for adapting lines to protect birdlife.

It is also interesting to highlight some of the actions carried out throughout 2019 and 2020, such as our participation in workshops organised by environmental associations and working groups coordinated by the Spanish Ministry for the

Ecological Transition and the Demographic Challenge (MITECO) with the aim of reviewing and updating of the technical regulations associated with the implementation of the most effective solutions to minimise the risks of birdlife electrocution and collision, in agreement with all the stakeholders involved.

This participation has also been carried out as part of AELEC (Spanish Association of Electricity Companies), especially in the process of reviewing the regulatory and technical aspects of the regulations in force, currently under review.

Another of the most important aspects in terms of biodiversity affecting distribution facilities is the cutting down and pruning of vegetation in the maintenance of power lines. This activity involves the annual planning of the work in such a way as to avoid or minimise the impact on protected flora and fauna species, such as the brown bear or the capercaillie, protected areas belonging to the Asturias Regional Network Red Natura 2000, and habitats of community interest, such as riparian forests of alder and ash trees.

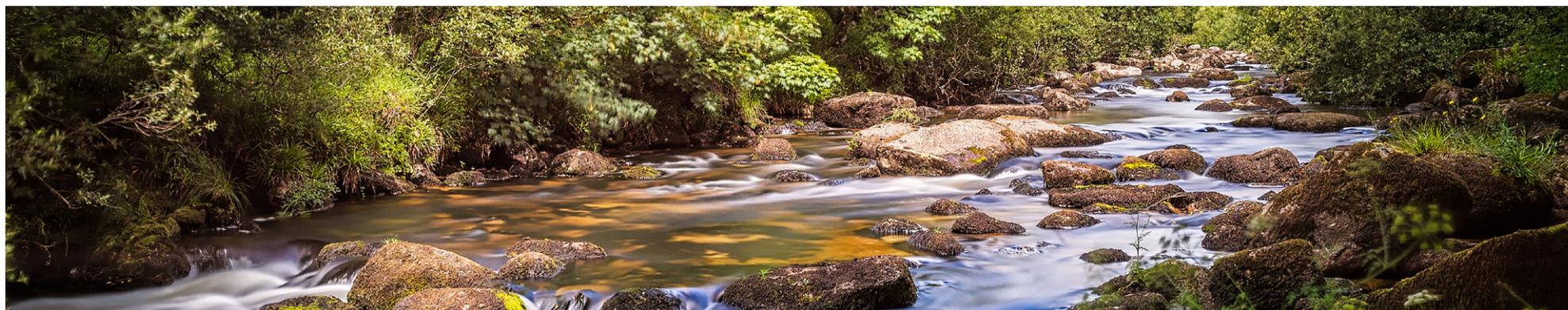
Thus, in both the prior review and the annual maintenance work related to the vegetation that may come into contact with power lines, environmental monitoring work is carried out on the spot with a view to the necessary preventive measures to safeguard protected species and areas. Thus, in the action plan carried out

in 2020, following an environmental analysis using mapping, exhaustive control was included in more than 200 km of power lines located in protected habitats.

In the case of electricity generation installations and following on with what was performed on a voluntary basis in previous years, campaigns were carried out in 2020 to monitor the physico-chemical and biological status of surface water bodies in the surroundings of our installations. This specifically entailed monitoring the ecological status of the Nalón and Ebro rivers, near the Soto and Castejón power plants, respectively, as well as environmental monitoring campaigns of the ecological potential and trophic status of EDP España's dams and the evolution of their tributaries and receiving rivers. These campaigns are particularly important for understanding the health of aquatic ecosystems based on indicators included in the Water Framework Directive and the National Hydrological Planning.

Water management

The most important environmental aspect of water management is related to the maintenance of ecological flows at hydraulic power plants, all of which are equipped with automatic control systems for their effective monitoring.





8.4. Environmental control

The environmental control of installations is carried out on the basis of the EDP Group's Environmental Policy, which is implemented in accordance with the requirements established for an Environmental Management System (EMS) in the UNE-EN ISO 14001:2015 standard, being reviewed annually with internal and external audits.

The EMS include the measures adopted to minimise environmental risks, and the preventive measures and controls to avoid the perpetration of crimes against the environment.

Both the Generation and Distribution activity have established an EMS in accordance with the ISO 14001 standard for all their installations and activities; and the Retail area also has an EMS in place that covers the maintenance of the corporate headquarters

in Oviedo (Plaza de la Gesta) and the environmental aspects related to the mobility of personnel, which are the main impacts associated with its activity.

The Generation activity includes the production of electricity in combined-cycle power plants, conventional thermal power plants, hydraulic power plants and cogeneration plants using steel waste gas or natural gas.

The electricity Distribution activity includes the design and construction management of electricity distribution installations, as well as their operation and maintenance.

EDP España has implemented an Environmental Monitoring Programme (EMP) as a good practice for all installations

under environmental control, which includes reports on environmental aspects, monitoring plans, additional studies and technical projects necessary to comply with the environmental requirements established.

The main environmental aspects are those related to climate change, atmospheric emissions, waste discharge and water, production and management of waste and by-products, the state of soil and groundwater, noise, consumption of raw materials and biodiversity.

The main figures of these aspects are reported annually in the year-on-year data tables, as well as the environmental investments made to reduce impacts.

Environmental footprint: REEF project

EDP España began its participation in the REEF (Renewable Energy Equivalent Footprint) project in 2020, in a public-private partnership with the Basque Government, in which Iberdrola is also present. This initiative will establish a coherent set of guidelines for calculating the relevant environmental information in a single sector, the electricity sector.

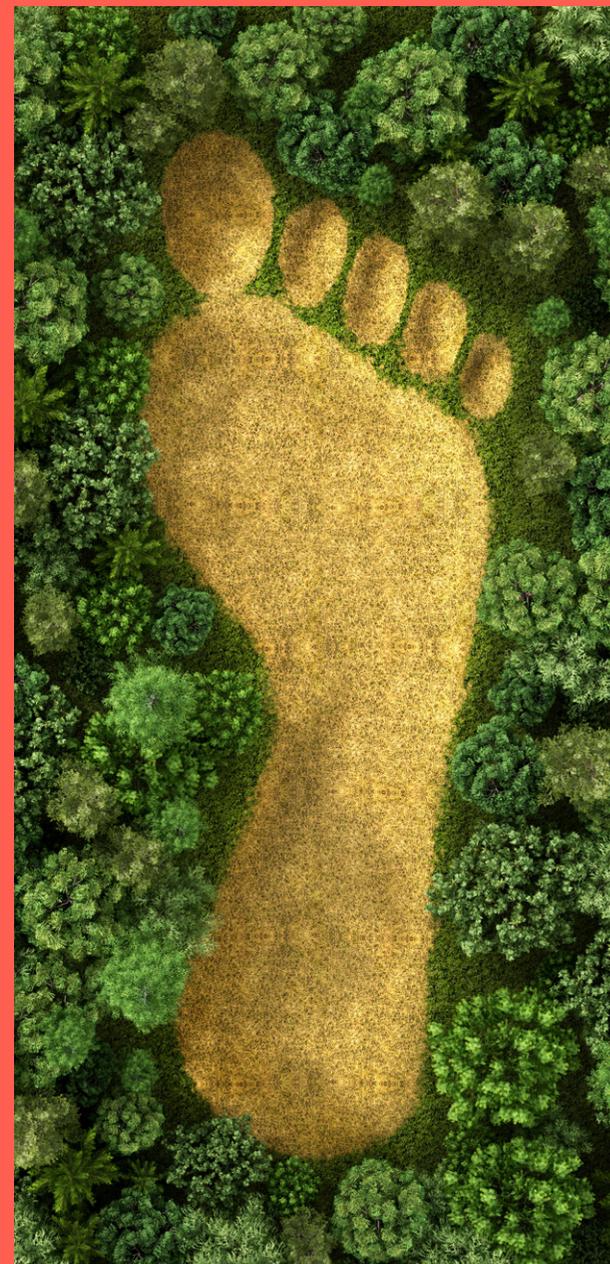
The main goal is the Development of Sectoral Rules on the Environmental Footprint of Organisations for the electricity sector. The environmental footprint of an organisation is a multi-criteria measure of the environmental performance of a company providing goods and/or services, with a life cycle perspective. It consists of a compilation and assessment of the inputs, outputs and potential environmental impacts of the activities associated with the company's portfolio of goods or services, taking into account the supply chain. Thus, unlike the carbon footprint, it is not only based on the potential impact of the climate change category, but rather it considers a larger number of environmental impacts: a total of 16 categories defined by the European Commission (ozone layer depletion, acidification, land eutrophication, water eutrophication, land occupation, water use, etc.).

There is currently a common framework (the Guide on the Environmental Footprint of Organisations) to carry out environmental footprint studies, although it is necessary to

specify these rules specifically for each industry. For this reason, in anticipation of possible European legislative policies, EDP España has joined the REEF project to set out environmental footprint rules, which will be a detailed and exhaustive technical guidance on how to carry out a study of an organisation's environmental footprint in the electricity sector.

A first draft has been presented to Spanish electricity companies through AELEC, with the aim of enriching and qualifying the guide with all the contributions so that it represents the reality of the national industry as a whole; subsequently, and through Eurelectric, the aim is to gather comments from other European electricity companies.

In this respect, it should be noted that, in the framework of the European Green Deal, the European Commission presented in 2020 the new Circular Economy Action Plan for a cleaner and more competitive Europe. Here it announced that, as part of a new sustainable product policy framework, the Commission would present a legislative proposal to require the environmental claims of equipment and companies to be justified through the use of the EU's Product and Organisation Environmental Footprint, respectively. This proposal would be linked to existing legislative proposals on consumer empowerment for the green transition, sustainable product policy and new mandatory green public procurement criteria.



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BEYOND CLIMATE CHANGE

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Beyond climate change



9.1. Strategy

Climate change in EDP is structured according to the following areas for action:

- Reducing greenhouse gas emissions: **MITIGATE**
- Implementing measures that minimise the risks associated with climate change and seizing the opportunities derived therefrom: **ADAPT**.

- Reporting the progress made and raising awareness among society in general: **ENERGISE**.
- Boosting and promoting a disruptive change in technology that reduces climate impact: **INNOVATE**.

Mitigate

In 2020, EDP España confirmed its will to decarbonise electricity production, recording the lowest thermal power production in its recent history, with a 31% reduction with respect to year 2015. This reduction is even more pronounced in the case of carbon thermal power plants, which barely reached a net production of 2.4 TWh, involving a 73% decrease over the one recorded in 2015, which represents only 22.5% of its production capacity.

Therefore, various innovative energy storage and new renewable power projects are being studied. These potential investments may be included in the Just Transition Fund with the aim of helping regions to rationalise their economy, take care of the environment and promote economic activity.

“We are analysing all the possible options to transform our thermal power plants into production or energy storage centres that allow to guarantee the response of a generation system strongly supported by renewable energies”.

Miguel Mateos Vallés

Thus, EDP also expects to keep contributing to the decarbonisation of the economy, in line with the energy

transition strategy it leads as a result of having anticipated it more than a decade ago.

In this sense, progress has been made in the retail portfolio of new products and downstream services, with the commitment to distributed generation (solar self-consumption with or without storage, and in single-family dwellings, condominiums and companies), the electrification of mobility, with the first integrated mobility service for private customers (MiVe) and ad hoc value proposals for companies (own and customers' fleet and digital control platform), as well as with new advice and energy efficiency services for a more sustainable consumption that allows to reduce the companies' footprint through innovative and smart consumption.

It should be also highlighted the storage pilot successfully implemented in San Vicente del Monte (Valdáliga, Cantabria) in 2020, which has strengthened its electricity grid infrastructure with a clean and sustainable technological solution in order to guarantee electricity supply in the event of a potential failure in the grid, and which aims to secure supply in isolated towns. This is one of the first storage projects on a national level.

This pilot is connected to the low-voltage grid (400 V) of the transformation centre in San Vicente del Monte and its main technical features are a capacity of 250 kVA, an energy of 232 kWh and an autonomy of approximately four hours.

Adapting to climate change

The climate change effects are clearly perceptible, and its impacts will keep growing over the coming years, given the scarce progress made in mitigation programmes on a global level. Therefore, it is essential to initiate actions aimed at reducing the negative consequences thereof. Although it is true that, even though climatic risks are established in the



medium/long term, the long execution periods of the adaptation measures require us to initiate them in the short term.

In this context, EDP España has prepared the 2020-2022 Climate Change Adaptation Plan, which includes a set of 21 multi-year initiatives, most of which span throughout the life of the plan and will continue being executed after the end of the time scope thereof. The initiatives have been grouped into four categories: management initiatives, specific initiatives to business areas, crosscutting or collaborative initiatives and innovation initiatives.

Among the projects included in the adaptation plan currently implemented, we should highlight the project named 'Hectare Zero', which consists in the planting of trees in several hectares in the council of Caso with the aim of fixing hillsides

and preventing sediments from being dragged to the Tanes reservoir. Likewise, CO2 captures are recorded in the MITERD and they will be used for the subsequent offsetting of emissions. This is a pilot project and its results will be used in future larger-scale projects.

With the approval of the second National Climate Change Adaptation Plan (PNACC2) in Spain, a revision of EDP España's Adaptation Plan has been started during the fourth quarter of 2020 in order to have an updated plan by the beginning of 2021.

This new plan will be aligned with the Spanish plan and will seize the opportunities and synergies of the latter, incorporating some new measures and vectors or adjusting the current plan's initiatives as required.

Besides, the new EDP España's Adaptation Plan will be updated with new geographical areas and the study of new impacts, such as reducing the impact of climate change on health, removing potential cross-border risks in the entire supply chain and ensuring the adaptation of products and services in the downstream segment. Furthermore, this new plan must be consistent with the new national and international strategies, minimising the impact of transition and bad adaptation risks. For this reason, watching technology solutions for energy storage, key to the long-term decarbonisation strategy, incorporating all the agents and sectors to achieve change in the consumers' behaviour and the company are other fundamental issues to be addressed.

“The decade in which we are living will deal with a profound transformation of the electricity sector, with the large-scale integration of renewable energies, energy storage and the development of the hydrogen technology for the decarbonisation of our economy. In this context, EDP holds a clear leading position, adapting its assets with a view to this energy transformation”.

Pablo Argüelles Tuñón



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Energise

The EDP Group already adhered in 2019 to the campaign 'Business Ambition for 1.5 °C - Our Only Future', promoted by the UN and involving leading companies in its sector. It is a call for action to adopt public emission reduction commitments aligned with the limitation of the global temperature increase to 1.5 °C proposed at the Paris Summit, within a just transition road towards a carbon-neutral future by 2050.

Likewise, EDP has adhered to the Science-Based Targets Initiative (SBTi), an organisation that has recognised the Group's decarbonisation strategy in line with the 1.5 °C goal, through a 90% reduction of the Group's specific emissions by 2030 with respect to the 2015 levels, and the reduction of indirect emissions by 40% in the same period.

SBTi is a non-governmental organisation that arose from the partnership among the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

In connection with both initiatives, EDP España's Board of Directors, in its monographic environmental meeting of 2020, has ratified EDP España's contribution to the goals set by the EDP Group in its road to decarbonisation by 2030 and recognition of the 1.5 °C ambition expressed in the Paris Agreement.

Other international climate change initiatives in which EDP participates are:

- CDP - Disclosure, Insight, Action (formerly known as Carbon Disclosure Project): in its 2020 assessment, EDP obtained the highest performance level – 'Leadership' – and the highest score –'A' – in the two main categories, climate change and water management.

- Task Force on Climate-Related Financial Disclosures (TCFD): all the Group companies will apply the TCFD recommendations in the analysis of investments and in the public report until 2022. As for EDP España, it has already prepared the Report on Risks and Opportunities related to Climate Change in accordance with these recommendations, devised at the request of the G20 and backed by the European Commission, with the aim of facilitating a more informed decision-making process for investments, credits and insurance.

Innovate

Innovation is a fundamental line of the Climate Change strategy, not only because of the major challenge that entails achieving the necessary CO2 emission reduction ambition, but also for allocating investments and resources to the appropriate place or technology.

Science and technology are growing at a speedy pace, even more accelerated due to the pandemic and the need for a change of paradigm; therefore, nowadays, no technology can be ruled out.

In parallel to this technological progress, it is necessary to foster new skills in people and an innovation culture in the daily life, as well as establishing partnerships and collaborations among different technology agents.

In EDP, there is an entrepreneur supporting unit that is developing two start-up acceleration programmes (Free Electrons and Starter), whose goal is to connect with start-ups that are capable of offering solutions to problems previously defined by utilities, as well as a Venture Capital fund (EDP Ventures) to invest in start-ups and thus support their growth.

STRATEGIC INITIATIVES



Clean energy



Smart grids



Customer solutions



Storage and flexibility

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9.2. Global context

Developments in the regulatory framework for the fight against climate change

In the international context, year 2020 has marked the start of a decade of ambitious actions aimed at achieving the Sustainable Development Goals (SDGs) by 2030, known as 'Decade of Action', and it also has major relevance in the context of the fight against climate change, since the second quantified commitment period to limit and reduce emissions established in the Kyoto Protocol (1997) and the subsequent amended Doha version (2012) comes to an end. From 2021 on, the agreements set in the Paris Agreement approved in 2015 enter into force.

These are the main milestones regarding climate change:

United Nations Framework Convention on Climate Change

The United National Framework Convention on Climate Change was adopted in 1992 and came into force in 1994. The signatory countries have been meeting annually at the Conference of the Parties (COP) since 1995, a year after the entry into force of the Framework Convention, as the deciding body gathering the signatory countries or Parties to the Convention. The Paris Summit was COP21.

As a consequence of the global COVID-19 pandemic situation, the Conference of the Parties (COP26), which was going to be held in Glasgow, has been postponed until 2021.

Even though the official negotiations cannot move forward in this context, virtual sessions known as United Nations Climate Dialogues have been organised with the aim of providing a platform for the Parties and the other stakeholders involved to show their progress and be able to share ideas and points of view in order to progress towards the implementation of the different activities and commitments that had to be performed this year.

European climate change strategy

The European Union, in accordance with scientific evidence, promotes climate neutrality by 2050, with a clear commitment to lead the action for climate on a global level. Thus, this long-term goal is the core of the European Green Deal launched by the Commission on 11 December 2019.

The first climate action initiatives under the European Green Deal are the proposal for a European Law on Climate Change, the European Climate Pact and the proposal for a new more ambitious emission reduction target by 2030.

The goal of these measures is to make the target established in the European Green Deal legally binding so the European economy and society become climate-neutral by 2050, to engage citizens and communities in the action for climate and environment, and to increase the greenhouse gas emission reduction commitment, going from 40% to 55% with respect to 1999 levels, so that the decisions that are made in the forthcoming years do not lead to emission levels incompatible with the UE target by 2050.

In the beginning of 2021, the Commission will adopt a new more ambitious EU strategy concerning adaptation to climate change, with the aim of consolidating the measures to strengthen climate change resilience, prevention and preparation.

Spanish Strategic Energy and Climate Framework

The Strategic Energy and Climate Framework was already launched by the Spanish Government at the end of 2019, and it was considered as an opportunity for the modernisation of Spanish economy, job creation, the positioning of Spain as a leader in renewable energies and technologies, the development of the areas, the improvement in people's health and the

environment, and social justice. The key pieces that make up this framework: the draft bill on Climate Change and Energy Transition, the 2021-2030 National Integrated Energy and Climate Plan (PNIEC), and the Just Transition Strategy.

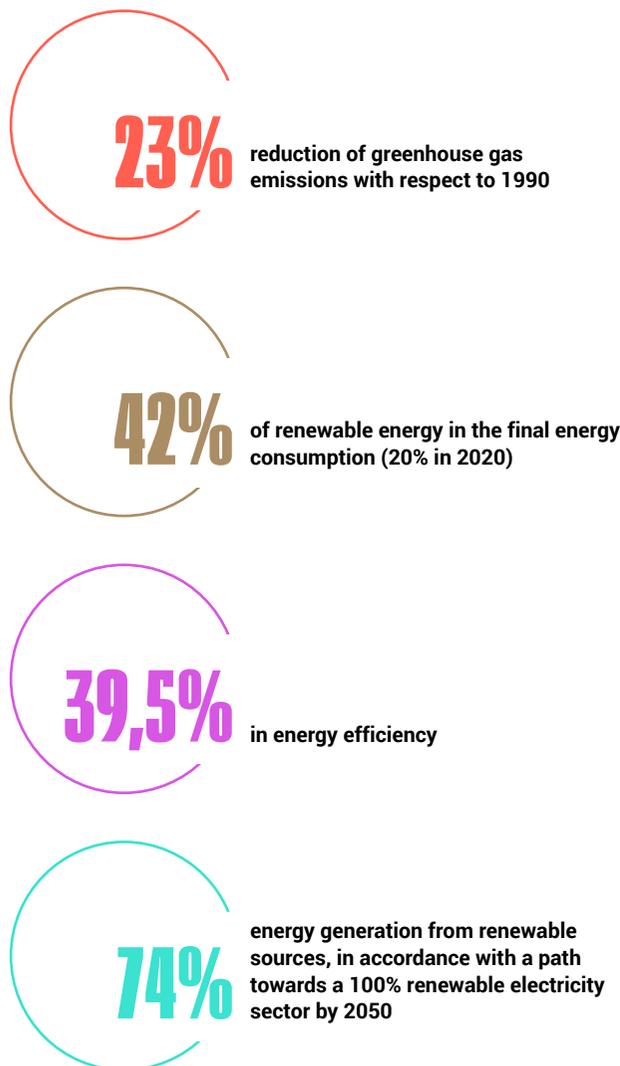
In the beginning of 2020, the Declaration of Climate and Environmental Emergency was agreed. Under this Declaration, it undertook to Climate Change and Energy Transition, to define the long-term decarbonisation path in our country to achieve climate neutrality by 2050, at the latest, to invest in a safer country less vulnerable against climate change impacts and risks, submitting the second National Climate Change Adaptation Plan, to strengthen the already existing engagement mechanisms, ensuring citizen engagement through a Citizen's Assembly on Climate Change, and to guarantee a just transition creating green and quality jobs.

Spanish Law on Climate Change and Energy Transition

The draft bill on Climate Change and Energy Transition, still at the parliamentary stage, establishes the national goals for year 2030, in accordance with the 2021-2030 National Integrated Energy and Climate Plan (PNIEC), as well as measures to foster the expansion of the electric vehicle, the obligation for municipalities with a population over 50,000 to establish low-emission areas no later than 2030, and the promotion of hybridisation of electricity generation installations. It also enables the Government to require decarbonisation strategies from electricity distribution companies, confers major importance to Adaptation Plans and promotes Just Transition agreements supporting the economic activity and the improvement in workers' employability.

2021-2030 National Integrated Energy and Climate Plan (PNIEC)

The PNIEC establishes the road map to the decarbonisation of the Spanish economy during the coming decade, the main goals of which are:



Recently, the European Commission published the assessment, on a EU level, of the launched PNIECs, as well as the assessments for each PNIEC on an individual basis. In the case of the Spanish PNIEC, the Commission had included some points that could be yet improved, although its initial assessment was very favourable.

2021-2030 National Climate Change Adaptation Plan (PNACC2)

In September 2020, it was approved the second National Climate Change Adaptation Plan (PNACC2) for the 2021-2030 period, based on the principles of social and territorial equity, science, cross-cutting approach, control of undesired effects and coordinated action.

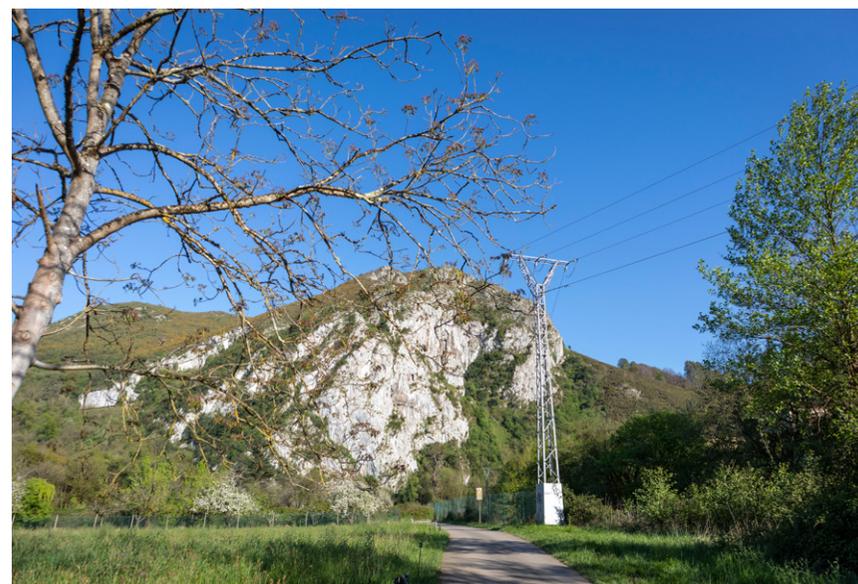
The Plan comprises 81 sectoral lines organised in 18 areas for work, which include, among others, energy actions such as the integration of primary energy supply changes into the energy planning and management, the prevention of impacts on electricity generation, the prevention of impacts on energy transmission, storage and distribution, and the management of the changes in electricity demand associated with climate change.

It was also created an Advisory Group for Adaptation Initiatives, with the participation of companies and other stakeholders.

Spanish Long-Term Decarbonisation Strategy

In the month of November, it was approved the Long-Term Strategy aimed at coordinating a coherent and integrated response to the climate crisis, seizing opportunities for the modernisation and competitiveness of our economy in a just and socially inclusive way. It is a road map to achieve climate neutrality in the 2050 horizon, reducing greenhouse gas emissions by 90% with respect to 1990, the remaining 10% being absorbed by sinks. It establishes half-way landmarks in years 2030 and 2040.

The Long-Term Decarbonisation Strategy is based on the 2021-2030 PNIEC, the Just Transition Strategy and the National Strategy against Energy Poverty. All of which are in accordance with the European Green Deal, the conclusions of the European Council in December 2019 and the proposal for the European Climate Law.



9.3. Carbon footprint

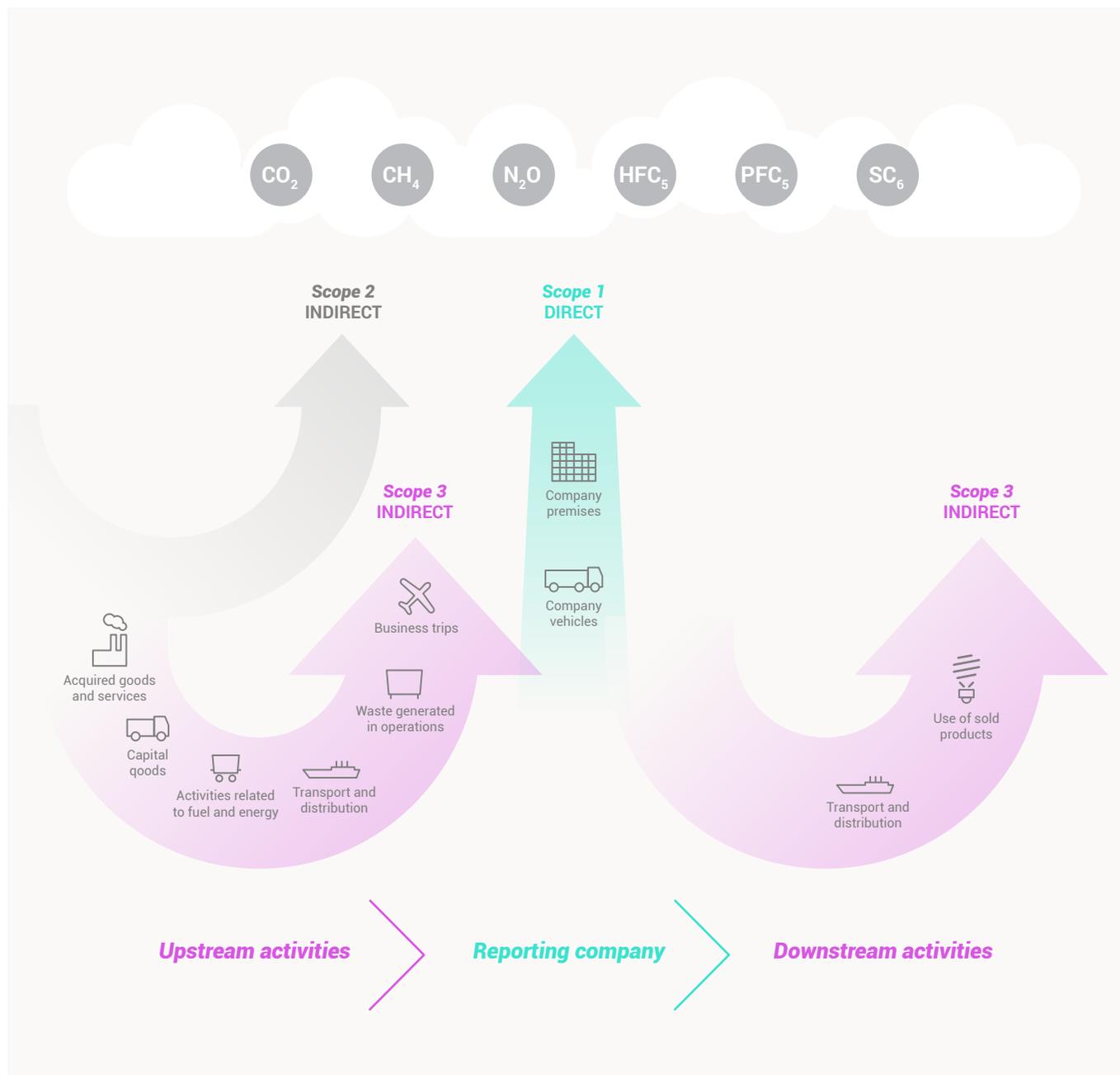
Climate change caused by human activity is nowadays one of the greatest challenges the world is facing, affecting companies and citizens in the coming decades.

The need to respond to this threat forces us to take measures aimed at mitigating anthropogenic emissions and to implement measures that minimise the risks related to climate change.

The first step for an organisation is to find out the total amount of greenhouse gases emitted, directly or indirectly, due to the activity performed by such organisation. That is, to calculate its **carbon footprint**.



The emissions associated with an organisation may be classified into direct or indirect emissions, depending on whether the emission sources are owned or controlled by such organisation or else are emitted in processes required for the development of its activity, but not under the organisation's control. Thus, three scopes are defined according to the type of emission sources:

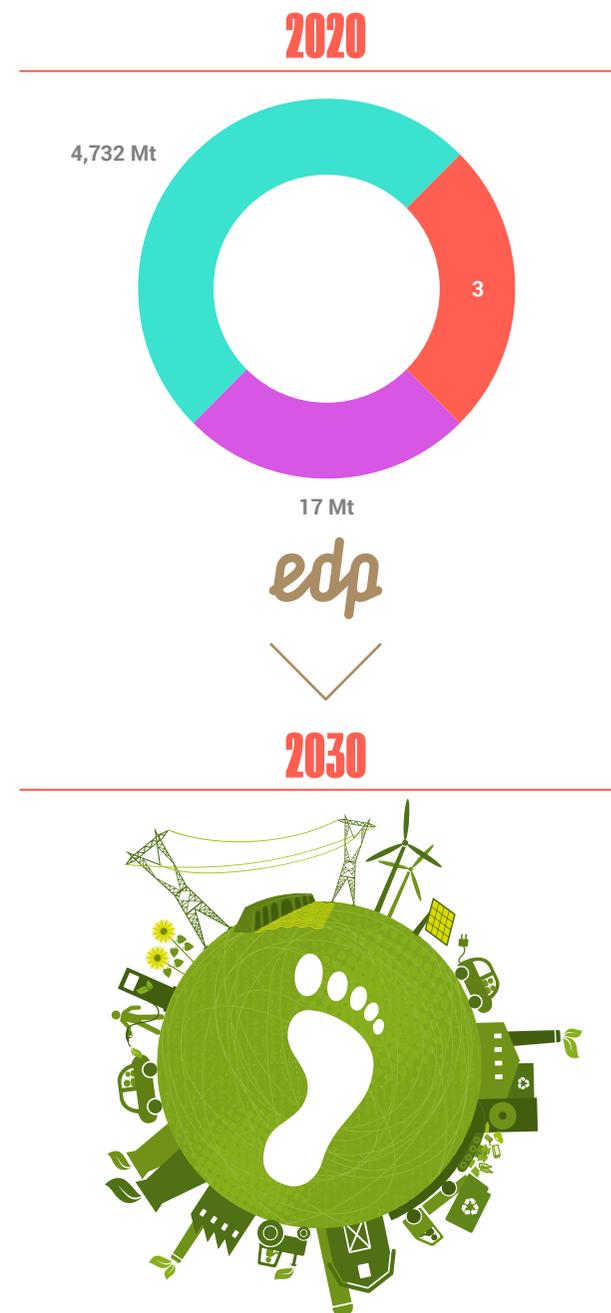


		GENERATION	DISTRIBUTION	RETAIL
Scope 1	Use of fossil fuels	✓	✓	
	Use of fluorinated gases in cooling units	✓	✓	✓
	Use of SF6 in electric equipment	✓	✓	
	Own self-consumption	✓		
	Own fleet of vehicles	✓	✓	✓
Scope 2	Electricity consumption	✓	✓	✓
	Losses in electricity grids		✓	
Scope 3	Transport of raw materials in bulk	✓		
	Use of chemical products and oils	✓	✓	
	Water consumption	✓	✓	✓
	Business trips	✓	✓	✓
	Waste	✓	✓	✓
	Disposals to sewage systems	✓	✓	✓
	Purchase of retailed energy from third parties			✓
	Losses in the transmission of electricity with an origin other than EDP		✓	

There are several methods for the calculation of the carbon footprint; some of these rules and methods with wider international recognition are Greenhouse Gas Protocol Corporate Standard (GHG Protocol), UNE-ISO 14064-1, and IPCC 2006 GHG Workbook. The numerous methods recognised on an international level are based on the principles of RELEVANCE, INTEGRITY, CONSISTENCY, ACCURACY AND TRANSPARENCY.

Calculating the carbon footprint of an organisation involves a double opportunity for the latter. On the one hand, it is a first step to establish its greenhouse gas emissions and devise emission reduction and/or offsetting plans which will be reflected in the footprint calculation in subsequent years. And, on the other hand, these reductions also involve a reduction of costs, since they entail, in turn, a lower electricity consumption, less transport expenses, process improvements, etc. In sum, it entails a change of habits and an increased environmental awareness.

EDP has announced, in the beginning of 2021, its intention to become carbon neutral by 2030, which entails a clear commitment to drastically reduce its greenhouse gas emissions and offset all those that cannot be eliminated.



'Proyectos Clima'

The European emission allowance trading system includes the companies that, due to their carbon intensity, must set off their CO2 emissions either by buying emission allowances available on the market or by establishing emission reduction plans. For the other sectors not subject to emission allowance trading (transport, agriculture, housing, waste, etc.), known as diffuse sectors, national reduction goals have been established for European Union countries.

Therefore, Spain, through the Ministry for the Ecological Transition and the Demographic Challenge (MITERD) annually launches a call for the selection of 'Proyectos Clima' (Climate Projects) – greenhouse gas emission reduction projects in the diffuse sectors.

Recently, the MITERD has approved the Climate Project 'EDP Electric Mobility' submitted by EDP España, which is aimed at helping to decrease the emissions of its vehicle fleet in Spain by using electric and hybrid vehicles in daily operations. In addition to the decrease of the corporate footprint, it will promote information and engagement among many employees, who operate and use these vehicles, and who will be aware of the importance of reducing their environmental impact.

Throughout 2021, EDP will submit to the MITERD the amount of reductions achieved through this project, which will be verified by an external entity. For this purpose, the set methodology will be followed, which will compare the equivalent emissions generated by the replaced combustion engine vehicles.



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In the direction of innovation



The energy sector is simultaneously undergoing several transformations: decarbonisation, decentralisation and digitisation. And, even though some of these transformations are specific to the energy sector and lead to a higher electrification of society, others also affect multiple spheres. Furthermore, 2020 has been a year marked by the pandemic, by the brisk adoption of digital teleworking tools and by the difficulties many entities have faced to maintain their activity.

However, innovation has not stopped, because nowadays, innovating in the energy industry means thinking and trying new ways to adapt to an environment featuring all kinds of changes, quickly dismissing the solutions that do not add sufficient value and simplicity for all the stakeholders, which have placed their hopes in electrification in order to attain the decarbonisation of the economy.

In the current environment of technology acceleration and disruption caused by new business models, innovation, in its broadest sense, is present in all the activities of the value chain of a sector, in all time horizons, and even in the appearance of new business models that question the perimeters of the traditional division among sectors. In EDP, innovation functions are spread through all the company. The intensity of engagement of the business units and the Innovation corporate area is different depending on whether it regards innovation on existing markets and technologies, which is led by business units, or it concerns new technologies and markets not developed yet, in which case it is led by the Innovation area.



[CLICK HERE TO WATCH VIDEO](#)

10.1. Strategic innovation areas

EDP is focusing its innovation efforts on five areas aligned with the mentioned transformations and which put the customer at the heart of their decisions:

- 1. Cleaner energy.** This chapter includes, in addition to renewable energies, technological solutions that reduce the environmental footprint of conventional generation in the transition period.
- 2. Smarter grids.** The widespread use of digital technologies and the integration with telecommunications networks makes grids 'smarter', creating an increasingly complex system.
- 3. Customer-focused solutions.** It includes both solutions that allow customers to make informed decisions about energy efficiency and consumption and new electrification possibilities, such as the case of mobility.
- 4. Digitisation.** Digitisation in its broadest sense will allow to explore new business models and the relation among agents, in addition to the exponential improvement in efficiency in the existing processes.
- 5. Energy storage.** Electricity storage will play a key role in the integration of distributed renewable generation and in the development of sustainable mobility.

The activities performed by EDP España in these five areas are divided into three types: Projects, Support to start-ups and Technology watch and strengthening of EDP's position in Spain.



2020

91

innovation and proof of concept projects with start-ups



2020

41

closed or completed projects and pilots

10.2. Projects

During 2020, in EDP España, 91 innovation and proof of concept projects with start-ups have been analysed and developed. Over the year, 41 projects and pilots were closed or finished.

In 2020, different actions have been carried out with the aim of transforming the current low-voltage grid into an actual Smartgrid: visible, smart and workable. For this purpose, having made notable progress in the sensorization of the low-voltage grid in innovation projects such as FlashBT, in 2020 it was time to provide the grid with an additional smart layer based on machine learning, allowing to measure, control and automate different units thereof in order to make the grid more flexible and efficient. Projects such as KOSMOS and Smart Low Voltage Panel are examples for this.

In order to check the operating capacities of underwater drones in inspection tasks in hydraulic plants, pilot tests were conducted in the power plants in La Barca and Priañes. The

satisfactory results obtained have favoured the incorporation of this type of inspections into the range regularly performed in these installations. Its favourable cost and the removal of risks inherent to this type of actions make this equipment an optimal solution for inspection tasks.



EDP España has also initiated pilot projects with the start-ups YData and Aplanet. The start-up YData, based on the generation of synthetic data, will use such data to develop and optimise mathematic models to predict communication failures in smart meters and detect fraud. As for Aplanet, it has developed a solution to automate the management of sustainable information, both for the management of indicators (in accordance with the Sustainable Development Goals and the GRI standards) and as regards the materiality study.

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In the direction of innovation

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BARRIO SOLAR®

In 2020, EDP Solar, EDP España and the EDP Foundation have started, in partnership with the ECODES foundation and the Zaragoza Town Council, the 'Barrio Solar' project for the implementation in the capital of Aragón of the first solar neighbourhood in which photovoltaic energy is produced on the

roof of a public building, from which a group of neighbours from the area can benefit. This project has the peculiarity that it pays special attention to vulnerable customers that are part of the solar neighbourhood.



BIND 4.0 is a public-private open innovation platform for smart industry created by the Department of Economic Growth, Sustainability and Environment of the Basque Government through the SPRI Group. 57 of the main leading companies on a global level are currently partnering with it. This initiative was born with the double objective of fostering the digital transformation of the industry and, at the same time, accelerating the consolidation of innovative initiatives through a large company-start-up partnership model. EDP España is a partner of this initiative since 2019 and, in 2020, we analysed the proposals of the more than 750 start-ups and technology SMEs that submitted their application, and we have already launched a pilot project with one of the

participating start-ups. This initiative also allows us to share the best innovation practices with other leading corporations in sectors as diverse as the automotive, food or electronic industries.



European Data Incubator (EDI) is a project co-funded by the European Union within the initiatives known as Innovation Action. Likewise, EDI is part of the APP Big Data Value within a group of projects known as APP Big Data Value projects. It is an 8-month incubator programme for start-ups and SMEs, sponsored by 20 corporations that challenge candidates to solve challenges related to data analytics. The goal of EDI is facilitating the adoption of Big Data analytic tools as well as enhancing the technical and business competences of the selected start-ups and SMEs. The ultimate goal is to give rise to a sustainable business incubation around Big Data in partnership with corporations. EDP España is a member of EDI since 2019, and it has analysed dozens of applications to work on challenges related to data analytics in its different

businesses. In 2020, two projects with two start-ups, one Spanish and the other one German, related to behaviour-prediction models were completed, and a sustainable mobility project that is being developed in partnership with a Portuguese start-up has been launched.



10.3. Support to start-ups

Innovation in EDP is based on the open innovation principle, which involves collaborating with all the agents that can contribute to the development and implementation of technologies: universities, research centres, entrepreneurs and start-ups.

EDP has a programme named Starter Business Acceleration for the identification, selection and testing of the solutions proposed by start-ups in the energy sector and which are aligned with our five technology priorities.

It is an international programme which, in 2020, has assessed more than 800 applications from 74 countries and which has selected 10 start-ups from Europe, 10 from Latin America and 10 from the USA, which submitted their proposals in three virtual modules corresponding to Europe, North America and Latin America. As a result of this selection process, EDP España will carry out 8 pilot projects.



[CLICK HERE TO WATCH VIDEO](#)

In 2020, we organised a new series of FreeElectrons, one of the global programmes through which EDP aims to connect with the best start-ups in the world in order to test and incorporate new technologies to the group. FreeElectrons is a collaborative programme in which 10 utilities of the energy sector from all over the world work together in a collaborative environment. The 2020 series has been special due to the pandemic; the spirit of FreeElectrons has been shaped throughout the years with a close contact among all the participants. Weeks before the start of the 2020 series in Singapore, we had to make the decision to transform it into a 100% digital programme, an experience that, thanks to the efforts made by everybody, has been very satisfactory. We have analysed 857 start-ups and, only in the first module of the programme, 281 meetings were held with 300 participants from 30 different countries. The winner of this series was the British company Vyntelligence, with a technology that combines augmented reality and artificial intelligence for the digital transformation of fieldwork.

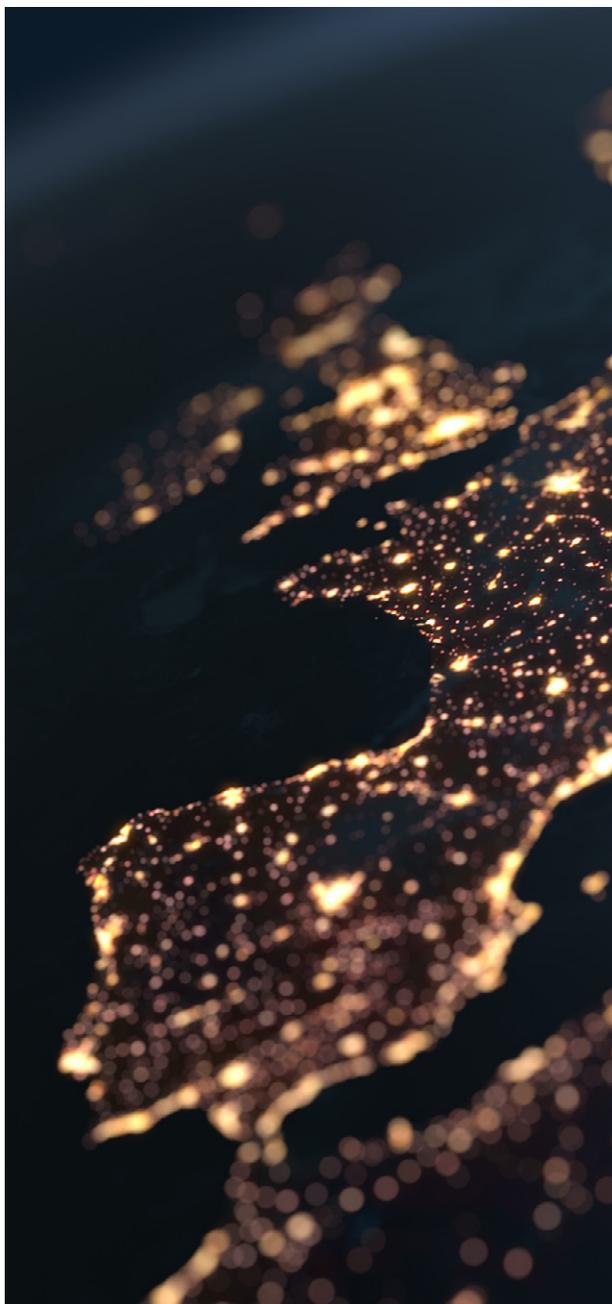


Barbara IoT, one of the shortlisted Spanish start-ups selected by EDP España in EDP's 2019 Starter Business Acceleration, carried out a project with EDP Solar in order to test its technology, which allows integrating in one single platform the information provided by photovoltaic inverters from different manufacturers.



GESTIÓN DE CAPITAL RIESGO DEL PAÍS VASCO, SGEIC, S.A.
EUSKAL HERRIKO ARRISKU-KAPITALAREN KUDEAKETA, IKEKS, S.A.

If the assessed start-ups have the potential to become suppliers of new products or services to EDP, the support may even include shareholding in the start-up's capital by means of a venture capital instrument named EDP Ventures España. In 2020, EDP Ventures España entered into an agreement with Gestión de Capital Riesgo del País Vasco SGC in order to co-invest in Basque start-ups that develop technology in any of EDP's five strategic lines of R&D&i. Throughout 2020, EDP Ventures España has assessed 87 investment opportunities.



10.4. Technology watch and strengthening of EDP's position in Spain



EDP leads in Spain the Spanish Technology Platform for Energy Storage, BatteryPlat, which comprises more than seventy Spanish entities that aim to promote the development of these technologies. In 2020, BatteryPlat obtained funding from the Ministry of Science and Innovation for the 2021-2022 period.



In 2020, EDP España adhered to the Spanish Technology Hydrogen and Fuel Cell Platform and to the Spanish Hydrogen Association.



EDP España led a COTEC working group on innovation metrics, with the participation of 37 entities, which concluded its work with a guide containing recommendations with examples for companies to show their economic efforts in innovation. For the preparation of the recommendations, the group used as basis both the Oslo Manual, as international reference, and the Innovation Survey issued by the Spanish National Statistics Institute.



EDP España renewed in 2020 its agreement with the Fundación Universidad de Oviedo, by virtue of which EDP España will financially support the students from the Mining, Energy and Materials Engineering schools in Oviedo and the Polytechnic Engineering school in Gijón who base their master's thesis on the topics proposed by EDP España. The company will propose at the beginning of the academic year the topics about which it is interested in supporting master's thesis and the maximum number of works it will support. EDP will select the applicants of its choice. The amount of the support for each applicant adds up to €2,000.

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SUSTAINABILITY INDICATORS

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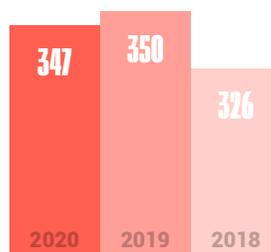
Beyond climate change

11.1. Financial indicators

FINANCIAL INDICATORS	U	2020	2019	2018
Turnover	€M	2,586	3,056	3,106
EBITDA ⁽¹⁾	€M	347	350	326
Net Profit (profit after tax)	€M	141	37	150
Operational Investments	€M	95	74	68
Net Debt ⁽¹⁾	€M	1,339	-137	-392

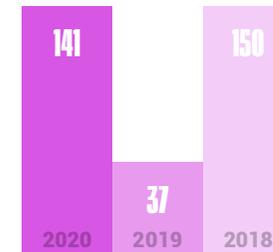
⁽¹⁾ In 2020, it includes the effects of the sale of the Comercializadora business, the B2C portfolio and the Castejón plant. 2020 and 2019 data with Joint Ventures and associates included in EBITDA.

EBITDA M€



EBITDA without the sale of Comercializadora and Castejón

Net Profit M€



Net Profit (profit after tax) without the sale of Comercializadora and Castejón

ENVIRONMENTAL EXPENDITURE AND INVESTMENTS	U	2020	2019	2018
Air and climate protection	€M	16.1	0.6	1.3
Water management	€M	5.6	11.2	12.4
Waste management	€M	11.6	9.8	9.1
Soil and water protection	€M	0.09	0.05	0.2
Noise and vibration reduction	€M	0.05	0.16	0.1
Biodiversity protection	€M	2.8	2.9	3
Landscape protection	€M	0	0	0.1
Energy efficiency	€M	5.2	8.6	9.2
Environmental research and development	€M	0.4	0.6	0.5
Other environmental management and protection activities	€M	1.7	1.9	1.6

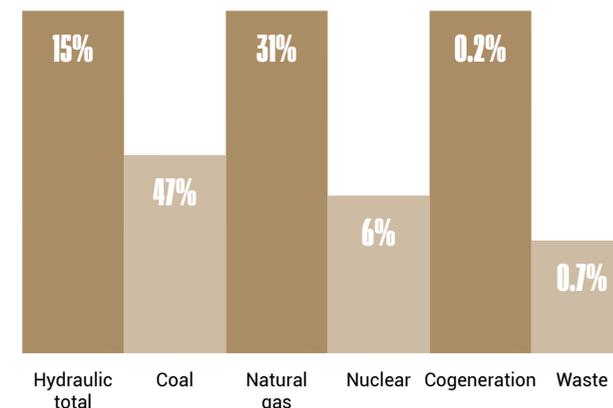
11.2 Technical indicators

Electricity generation

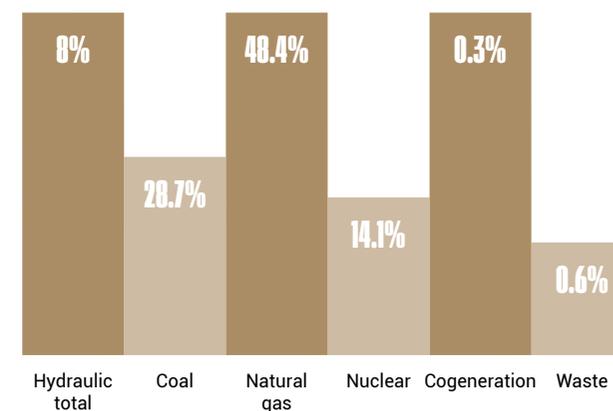
INSTALLED PRODUCTION CAPACITY	U	2020	2019	2018
Hydraulic total ⁽¹⁾	Gross MW	447	433	432
Coal	Gross MW	1,322	1,322	1,322
Natural gas ⁽¹⁾	Gross MW	866	1,721	1,721
Nuclear	Gross MW	165	165	165
Thermal total	Gross MW	2,353	3,208	3,208
General total	Gross MW	2,775	3,641	3,640
Cogeneration	Gross MW	5	5	5
Waste	Gross MW	20	20	20
Special total	Gross MW	26	26	26
TOTAL	Gross MW	2,801	3,667	3,666

Investments in wind power are made through EDP Renováveis.

⁽¹⁾ Variation due to the effect of the sale of the thermal power plant in Castejón, the final concession of the hydraulic plant in La Riera and the incorporation of the hydraulic plant in Viesgo.



NET ELECTRICITY GENERATION	U	2020	2019	2018
Hydraulic total	MWh	677,491	880,097	1,053,877
Coal	MWh	2,431,009	3,128,971	5,948,351
Natural gas	MWh	4,106,782	4,345,998	1,241,515
Nuclear	MWh	1,196,087	1,223,263	1,195,741
Thermal total	MWh	7,733,878	8,698,232	8,385,607
General total	MWh	8,411,369	9,578,329	9,439,484
Cogeneration	MWh	24,326	30,090	32,674
Waste	MWh	48,524	76,548	93,381
Special total	MWh	72,850	106,639	126,055
TOTAL	MWh	8,484,219	9,684,968	9,565,539



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Sustainability indicators

Distribución eléctrica

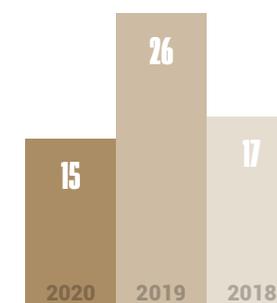
ELECTRICITY DISTRIBUTION INSTALLATIONS PLUS VIESGO	U	Viesgo	EDP	Total 2020	2019	2018
HV overhead lines (50/132 kV)	km	1,745	1,269	3,013	1,269	1,269
MV overhead lines (5/10/16/20/22/24 kV)	km	8,168	4,831	12,999	4,826	4,819
HV underground lines (50/132 kV)	km	63	44	107	44	43
MV underground lines (5/10/16/20/22/24 kV)	km	2,041	1,729	3,770	1,684	1,677
LV overhead grids	km	13,920	9,657	23,577	9,637	9,635
LV underground grids	km	5,610	3,338	8,948	3,309	3,265
Transformation centres	No.	11,092	6,686	17,778	6,667	6,750
Transformation centres' installed capacity	MVA	2,674	2,326	5,001	2,323	2,313
Substations ⁽¹⁾	No.	131	148	279	149	148
Transformers in substations ⁽²⁾	No.	194	119	313	120	120
Installed capacity in substations	MVA	7,805	5,338	13,143	5,343	5,343

⁽¹⁾ It includes MV substations (MV/MV and Manoeuvre-Interconnection)

⁽²⁾ Power transformers in substations and cold reserves

ELECTRICITY DISTRIBUTION PLUS VIESGO	UN	Viesgo	EDP	Total 2020	2019	2018
SUPPLY POINTS	Nº	699,326	671,598	1,370,924	668,494	666,403
Low voltage (< 1kV)	Nº	697,964	670,433	1,368,397	667,339	665,252
Medium voltage (> 1 kV y <36 kV)	Nº	1,239	1,139	2,378	1,128	1,124
High voltage (> 36 kV)	Nº	123	26	149	27	27
DISTRIBUTED ENERGY	GWh			7,501	8,262	9,360
Low voltage (< 1kV)	GWh			2,131	2,229	2,250
Medium voltage (> 1 kV y <36 kV)	GWh			1,190	1,286	1,317
High voltage (> 36 kV)	GWh			4,180	4,746	5,793

TIEPI evolution (minutes)



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Sustainability indicators

Electricity and gas retail

ELECTRICITY RETAIL	U	2020	2019	2018
B2B customers (Electricity)	No.	21,635	22,560	19,531
Retailed energy (Electricity)	GWh	10,790	12,362	12,549

GAS RETAIL	U	2020	2019	2018
B2B customers (Gas)	No.	5,556	5,769	4,558
Retailed energy (Gas)	GWh	7,413	15,394	15,143

ENERGY SERVICES	U	2020	2019	2018
Customers with value-added services	No.	1,585	1,622	1,629

SELF-CONSUMPTION AND MOBILITY	U	2020
Total decentralised solar power installed	MW	19.69
Decentralised solar power B2B	MW	17.85
Decentralised solar power B2C	MW	1.84
Number of charging points for electric vehicles	No.	280

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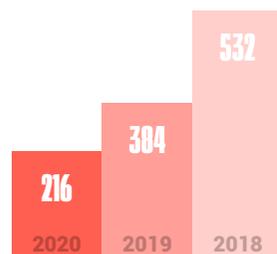
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Sustainability indicators

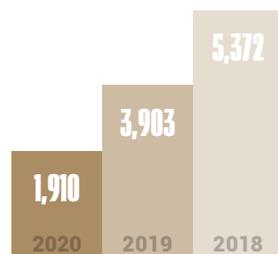
11.3 Environmental indicators

CO₂ emissions

Specific emissions (g/kWh)

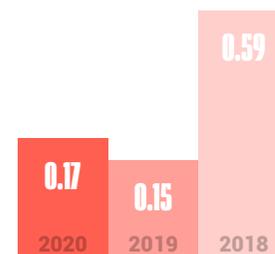


Total emissions (thousand tons)

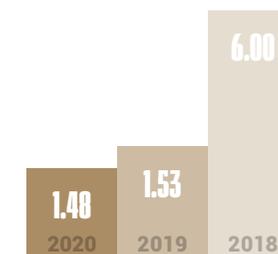


SO₂ emissions

Specific emissions (g/kWh)



Total emissions (thousand tons)

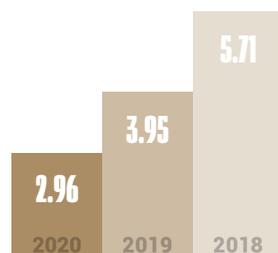


NO_x emissions

Specific emissions (g/kWh)

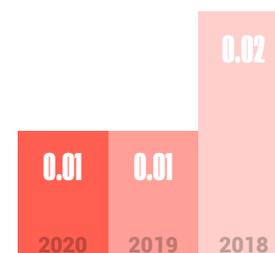


Total emissions (thousand tons)

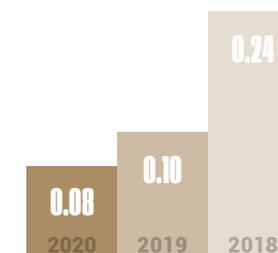


TSP emissions

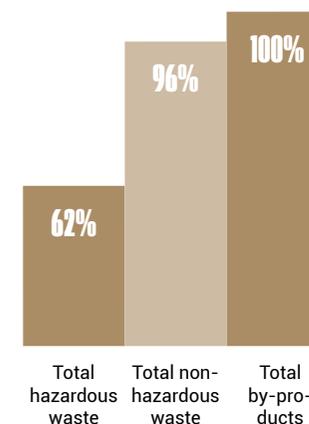
Specific emissions (g/kWh)



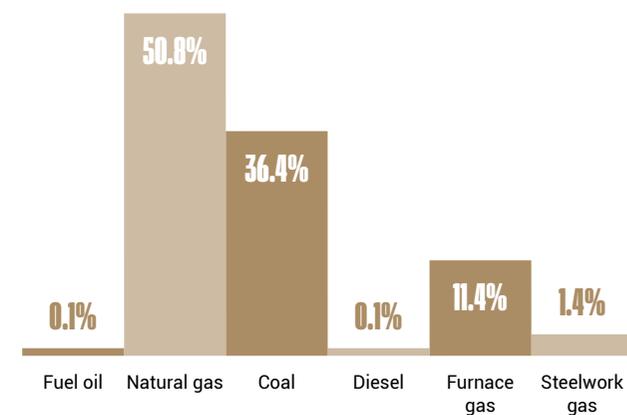
Total emissions (thousand tons)



WASTE AND BY-PRODUCTS	U	2020	2019	2018
Total hazardous waste	Tons	1,454	320	427
Total non-hazardous waste	Tons	70,113	90,769	190,732
Total by-products	Tons	20,177	27,279	46,555
Total generated	Tons	91,744	118,369	237,713
Total recovered	Tons	97%	98%	93%



CONSUMO DE COMBUSTIBLES	U	2020	2019	2018
Fuel oil	TJ	40	22	32
Natural gas	TJ	28,142	30,325	9,526
Coal	TJ	20,180	23,379	50,757
Diesel	TJ	31	47	45
Furnace gas	TJ	6,296	10,213	12,356
Coke making gas	TJ	0	616	934
Steelwork gas	TJ	750	1,006	1,220
TOTAL	TJ	55,439	65,609	74,869



WATER	U	2020	2019	2018
Cooling water	m³x103	283,279	324,242	412,590
Electricity generation water	m³x103	1,401	1,781	866
Recovered water out of abstracted water (%)	m³x103	99%	99%	100%

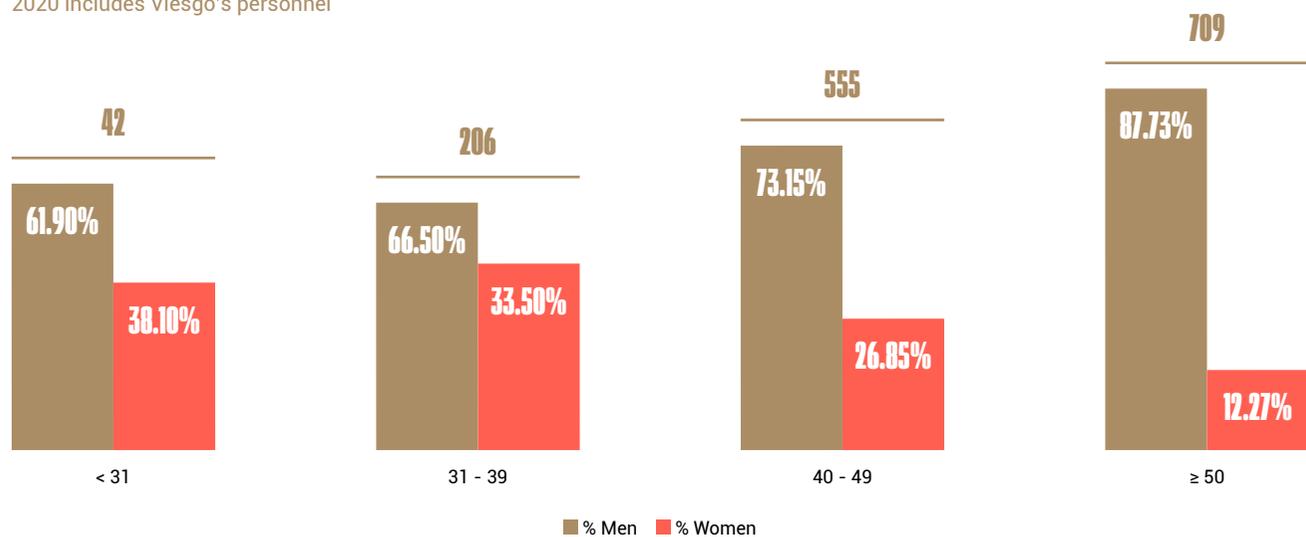
11.4 Social indicators

EMPLOYEES	U	2020	2019	2018
Employees ⁽¹⁾	No.	1,512	1,225	1,247
Percentage of women ⁽¹⁾	%	21.2	26	25
Average age of the employees ⁽¹⁾	Years	48.77	47	47
Absenteeism rate	%	3.76	4.09	3.74
Employee remuneration costs	thousand €	92,002	88,587	94,588
Contribution to Pension Plan	THOUSAND €	3,002	3,146	2,915

⁽¹⁾ 2020 includes Viesgo's personnel.

Employee profile by age and gender

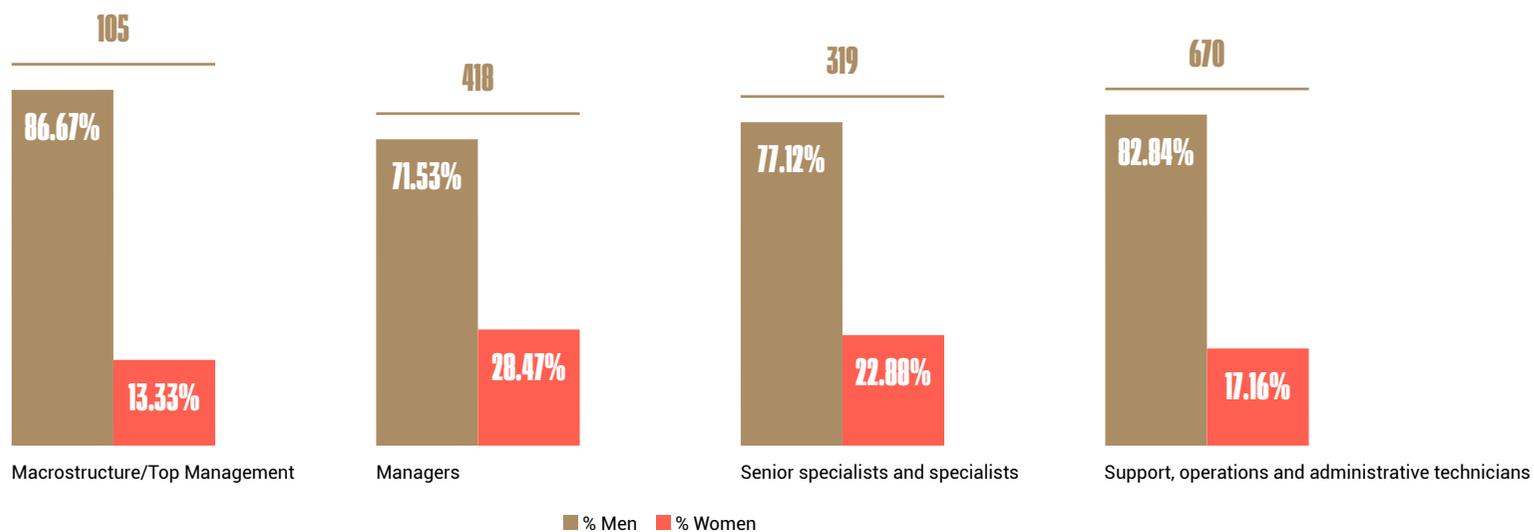
2020 includes Viesgo's personnel



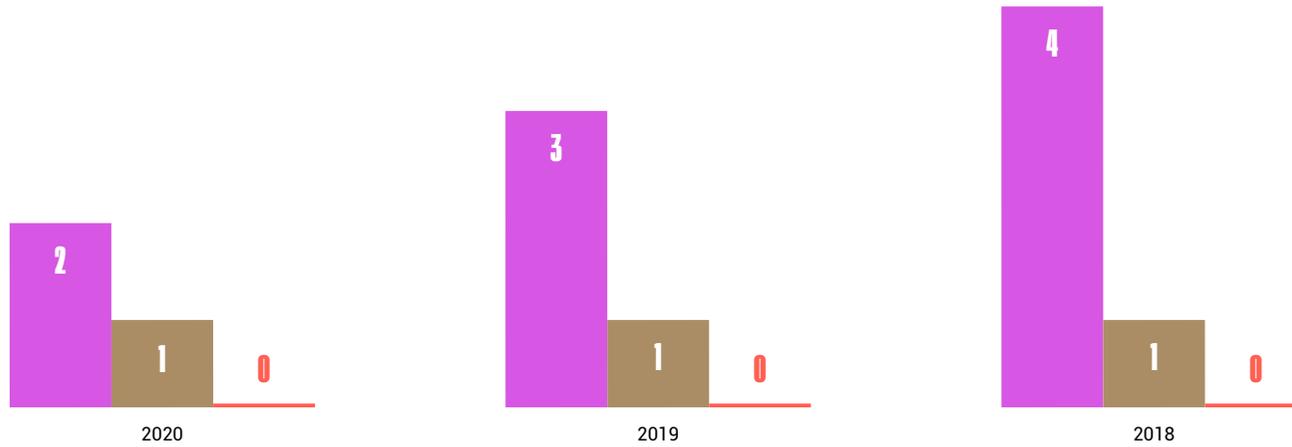
TRAINING	U	2020	2019	2018
Total hours of training	Hours	25,114	38,153	48,599
Engagement rate	Participants	7,447	7,082	9,242
Training actions	No.	813	1,154	1,224

Employee profile by professional category and gender

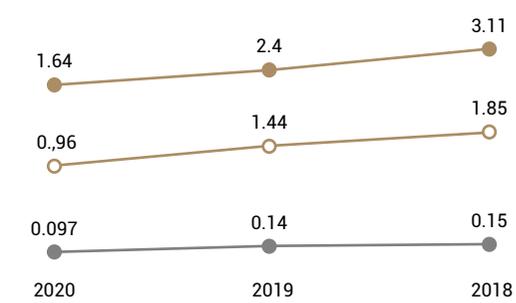
2020 includes Viesgo's personnel



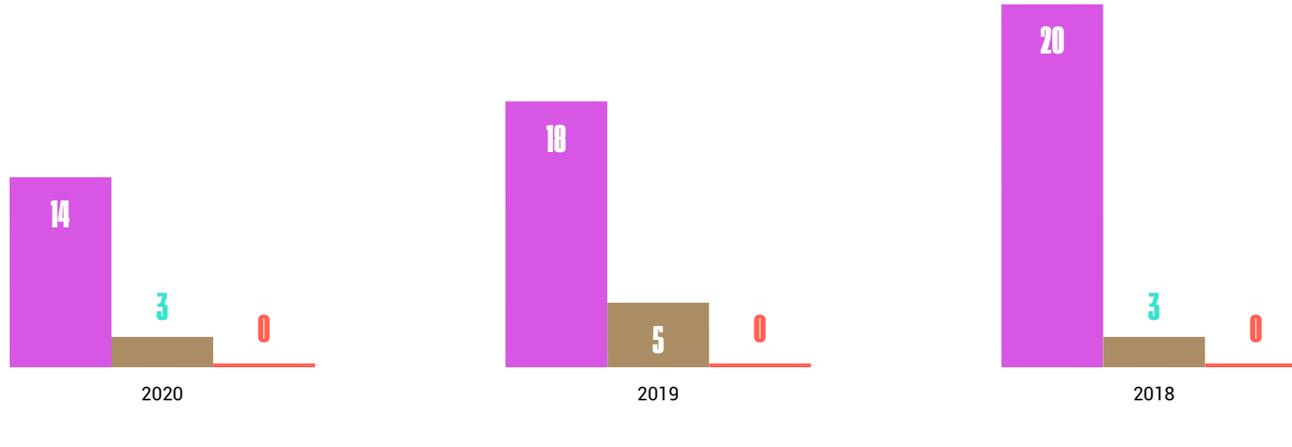
Own workforce accidents



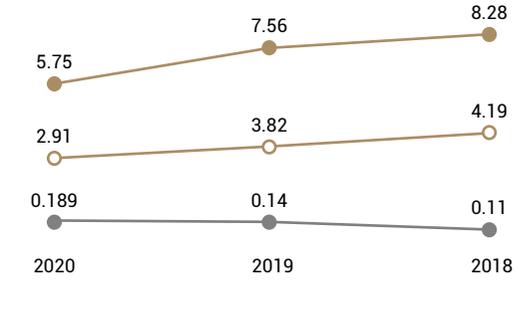
Own workforce accident rate



Contractor staff accidents



Contractor staff accident rate



■ Accidents involving sick leave
■ Accidents not involving sick leave
■ Fatal accidents
● Incidence rate
● Frequency rate
● Severity rate
 No. of accidents involving sick leave/exposed people*10³
 No. of accidents involving sick leave/worked hours*10⁶
 No. of working days missed/worked hours*10³

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CONTACT INFORMATION

To contact EDP España's Division for the Environment,
Sustainability, Innovation & Climate Change with any query
regarding this report and its contents, please use the
following e-mail address sostenibilidad@edp.com

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