



# CHANGING TOMORROW NOW

EDP REDES ESPAÑA  
2021  
SUSTAINABILITY REPORT



# EDP Redes España Sustainability Report

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



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The EDP Group Annual Report, reporting the EDP Redes España data, has been verified by PwC, pursuant to ISAE 3000 standard. Therefore, the details reported from this group to EDP have been externally verified.

This report is published on the Investors section on the corporate website.

Additionally, the EDP Group, according to its transparency and ESG commitment, offers other relevant ESG reports for the stakeholders:

- Sustainability Report: annual sustainability report of the EDP Group, prepared according to the international GRI, SASB, TCFD and CMVM standards, audited by an accredited external entity under the ISAE 30000 standards. This report comprises the ESG information of all the companies and geographical areas of the EDP Group, including EDP Redes España material information, which is detailed below in this Sustainability Report.

- EDP España Sustainability Report, which gathers the information of the Generation, Grid and Customer platforms in Spain.



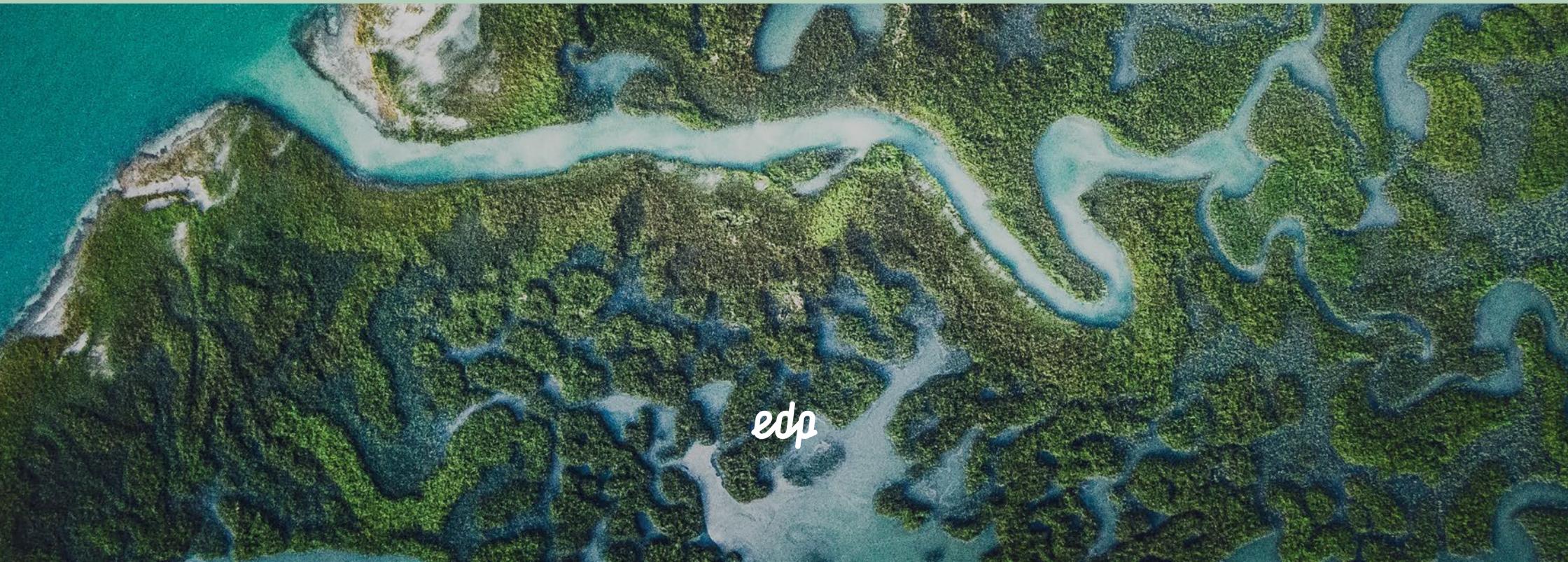
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- Other ESG reports (published in English):
  - Ethics Ombudsperson Report
  - Occupational Health and Safety Report
  - Stakeholders Report
  - Human and Labour Rights Report



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All this information is available in its latest published version in the Transparency and Reports section on the corporate website.



## **CHANGING TOMORROW NOW**

We are creating a new energy on the planet.

More inclusive. More shared. Greener.

Promoting renewable energy on a worldwide scale.

Using the power of wind, sun and water,  
to be all green by 2030.

Accelerating decarbonization to achieve carbon  
neutrality. Investing €24 billion in the energy transition.

Duplicating the capacity in solar and wind power.

Betting on new technologies, such as green hydrogen.

Leading the way in sustainability indexes.

It's in our hands. The only one who changes the world  
is whoever can change himself, the one who finds  
the will, the knowledge and the action.

Because this is our story:

**To always discover  
a new ambition.**



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EDP REDES  
ESPAÑA

01

SUSTAINABILITY  
STRATEGY

02

2021 PERFORMANCE

03

YEAR-TO-YEAR  
DATA

04

RETURN





# GLOBAL

Creating a carbon  
neutral planet.

# 01 — EDP ESPAÑA

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— Miguel Setas

## 1.1.1. Letter from the Chairman

One year on from the creation of EDP Redes España, as a result of the strategic partnership between EDP and Maquarie, it is a pleasure for me to present the Sustainability Report for the 2021 financial year, as part of a clear commitment to transparency in management aimed at all our stakeholders.

EDP Redes España began operating in December 2020 with the functional integration of the companies that comprise it, E-Redes, Viesgo Distribución Eléctrica, and BEGASA, bringing together a team of people whose dedication and commitment are making it possible to build an excellent organisation day after day.

Once again, the year has been marked by the COVID-19 pandemic, whose successive waves have forced us to be constantly vigilant and proactive, allowing our activity, which is more essential than ever, not only to continue, but to do so maintaining its high standards in terms of continuity and quality of supply, customer service, and the making of investments.

In terms of business, the grids are a strategic platform for EDP in its commitment to lead the energy transition, an aspect that was highlighted at the COP26 in Glasgow, where I had the pleasure of representing the company in several

forums in which the global movement towards the 1.5°C target was unanimously endorsed.

In this global scenario, and now entering the decade of action, the energy transition has become the greatest challenge of our time, which is why we at EDP have intensified our efforts in the 2021-2025 strategic review.

In this regard, we plan to invest 24 billion euros to lead the energy transition, supported by three pillars: accelerated growth in renewables, ESG excellence, and being an organisation ready for the future. This ambition has already led us to regain leadership in the Dow Jones Sustainability Index, with the best score in our history, the first of many milestones in our international position as an ESG leader.

Alongside this global strategic agenda, EDP Redes España has developed a growth plan, leading the company to become a key player in the energy transition, which means converting our grids to facilitate the shift towards renewable energies, the electrification of the economy, self-consumption, and the deployment of electric vehicles.

At the same time, we continue to pursue other basic objectives for the distribution activity, such as continuing to lead the way in quality of service, minimising energy losses, and



increasing the capacity for innovation in new technologies and services in line with the EDP Group's strategy.

As a result, we are executing our investment plan extremely well, exceeding 126 million euros this year, with close to 800 million euros planned for the period 2021-2025, and with a clear ambition to accelerate this investment within the current regulatory framework, always with a focus on creating value in the communities in which we are present. All of this, while strengthening our position as the undisputed operational leaders in the sector, enhancing the value of the teams, synergies, and best practices of the companies that form part of EDP Redes España.

Consistently with our clear position in the fight against climate change, EDP and EDP Redes España also recognise the value of nature as the natural capital of our activities, setting ambitious biodiversity conservation targets for all new projects. This is in addition to an innovative circular economy strategy that promotes, through seven principles and five circular core lines, optimising the consumption and use of resources, and minimising the loss of materials and energy.

In ESG excellence, social aspects put people at the centre of decision making. This is where it is necessary to highlight our unwavering goal of zero accidents, as part of an ambitious health and safety strategy for our employees

and partner companies. Although there has been an improvement in the accident rate, recent experiences have shown us that we must reinforce and prioritise this preventive approach.

Other social aspects of the company stem from the integration process underway, and are reflected in the signing of the collective bargaining agreement, job stability, the working environment, and diversity and gender equality, among other aspects. The involvement and dedication of people, synergies, and good practices selected have facilitated a more efficient and suitable integration, but many opportunities for improvement have been identified that will have to be implemented in the coming years.

On the external side, stakeholder management is based on building genuine relationships rooted in trust and the creation of shared value. We work with the entire value chain, and especially with our suppliers, with a long-term perspective. We forge partnerships and collaborate with market and democracy groups, within a common and stable operating framework, and lastly, we share the expectations and needs of all our social and territorial context with local communities, associations, and the media as our main interlocutors.

The governance structure is reinforced by the entry into force of the new Code of Ethics, the Human and Labour Rights

Policy, and the expansion of third-party due diligence obligations in integrity processes, ahead of the EU regulatory framework. All of this is aligned with the ten principles of the Global Compact, a global initiative with which we share actions and objectives.

I would like to conclude by thanking our EDP and Macquarie shareholders, our customers, the companies that collaborate with us and, above all, acknowledge the commitment, motivation, and dedication of the professional team at EDP Redes España.

Once again, in a complex, volatile, and demanding environment, we have continued to build a new organisation that is the undisputed leader in the sector, with the clear impetus and support of the Board of Directors, which is essential to develop the business plan with excellent performance levels and to face the challenges ahead.





— Miguel Mateos

## 1.1.2. Letter from the CEO

One year has already passed since EDP and the investment fund Macquarie joined forces and EDP Redes España was born as the holding company that brings together the electricity distribution activity of the EDP Group in Spain through the companies E-Redes, Viesgo Distribución, and BEGASA.

With the focus on people, in another year that was complicated by the COVID-19 pandemic, I would like to begin by specifically mentioning the essential aspects of occupational health and safety, both for the EDP Redes España team and for all the collaborating companies. The monitoring of preventive aspects and the strictest levels of safety requirements must be part of all our activities, as a shared responsibility throughout the organisation, in order to work towards a zero-accident scenario.

In relation to the aspects arising from the pandemic in its consecutive waves, I can only thank and congratulate the team for their commitment and dedication to our activity, an essential service for the activity of the companies and for the well-being of society in general, which has been ca-

ried out ensuring the utmost quality and continuity of supply, a pillar of the social commitment of the company and the EDP Group as a whole.

Our strategic plan is focused on seven core lines: sustainable growth through the execution of our ambitious investment plan, proactively supporting the energy transition, being a leader in digitisation, providing a safe, diverse, and fair workplace, consolidating our excellent service quality, being resilient in the face of emerging risks, and maximising value creation together with our stakeholders.

In operational terms, I would like to highlight two very important events that happened in the year. The European Distribution System Operators, E.DSO, organised a first series of sector awards, and we were recognised for the digital transformation of our grids. The prize is awarded in the Network Operation category and commends the ANM (Active Network Management) project for digitisation and active management of the grids, a project that incorporates the various digital systems under development at the company, such as ADSM, GIS, AML, and Flash BT.



In addition, we have once again been recognised by the GRESB International Sustainability Index, in which we have obtained 93 points and are ranked number one in performance management, achieving the highest score in important aspects such as health and safety, environment, biodiversity, employees, and customer service. Both awards undoubtedly reflect the company's commitment to ESG excellence.

We also maintain our leadership in service quality, with the best equivalent interruption time related to the installed capacity (TIEPI) in the sector at only 20.5 minutes. An excellent execution of our investment plan not only allows us to continuously improve this quality of service, but also to reduce energy losses, be more environmentally friendly, and renew and modernise our assets, among other benefits.

Innovation and digitisation are also present in our day-to-day business, where we are moving towards increasingly smarter grids to gain greater flexibility and efficiency, enabling the connection of renewable energies, self-consumption facilities, or the deployment of electric vehicles. Here, we continue with pilot projects for energy storage in Ribeira de Piquín (Lugo), in this case connected to the medium voltage grid, or the launch of the platform for access and connection of renewables to the grids, as a single portal for all access and connection procedures, the monitoring

of the process by operators, and access to distribution grid capacity maps.

On the environmental side, there are many aspects worth highlighting. To mention a few, we have updated our Climate Change Adaptation Plan, while continuing with the electrification of our light fleet and other adaptations to reduce our carbon footprint. In terms of circular economy, we have measured the circularity of several projects with the Circumetric tool. With regard to biodiversity, we continue to implement safeguards in our power lines to minimise the risks to birdlife, and we have developed a tool, Ecoile, to assess and offset the impact of the lines on the environment.

From a social point of view, we have developed an entire welcome process that has facilitated the integration of the Viesgo team into the culture and values of the EDP Group. Furthermore, the Viesgo and BEGASA Collective Bargaining Agreement has been signed, while establishing social benefits, equality and work-life balance measures, training, and other aspects of our commitment to people. Of particular importance is the reception of the volunteering programme, in which a great deal of energy has been shared with those most in need.

All these projects and initiatives have always been carried out with the utmost organisational efficiency, a key objec-

tive of the Vega integration project, which in its first year of operation has made it possible to identify and apply best practices, unifying procedures, and establishing common management criteria, which will continue to be developed in the coming years.

I would like to conclude by once again thanking all the EDP Redes España employees for their involvement and dedication in the construction of this new organisation which, as I said last year, was born with the aim of being the undisputed leader by uniting the best companies in the sector, E-Redes, Viesgo, and BEGASA.

Thanks to the Board of Directors for their work, trust, and support.

## 1.2. Changing Tomorrow Now

### 1.2.1. Vision, values and commitments

#### VISION

A global energy company, leading the energy transition to create higher value

#### COMMITMENTS

<p><b>SUSTAINABILITY</b></p> <p>We assume the social and environmental responsibility resulted from our activity, contributing to the development of the regions in which we are present. We sustainably reduce specific greenhouse gas emissions resulting from the energy we produce. We actively promote energy efficiency.</p>	<p><b>PEOPLE</b></p> <p>We combine ethical conduct and professional rigour with enthusiasm and initiative, fostering teamwork. We promote the development of skills and merits. We believe that balance between personal and professional life is essential to succeed.</p>
<p><b>CUSTOMERS</b></p> <p>We put ourselves in our customers' shoes every time we make a decision. We listen to our customers and reply to them in a simple and transparent way. We surprise our customers, getting ahead of their needs.</p>	<p><b>RESULTS</b></p> <p>We meet the commitments assumed vis-à-vis our shareholders. We are leaders thanks to our anticipation and execution capacity. We demand excellence in everything we undertake.</p>

#### VALUES

##### HUMANE

We build true and trusting relationships with our customers, employees, partners and communities.

##### SUSTAINABILITY

The purpose is improving the quality of life of current and future generations.

##### INNOVATION

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

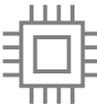
## And in the specific case of EDP Redes España,

our vision is to lead the energy transition based on four pillars:



## 1.2.2 The Grid role in the EDP Group: key platform to the energy transition

The energy transition, the production method change and digitisation will affect grids in the next decade.

MAIN TRENDS	DESCRIPTION	KEY MATTERS
 <p><b>The cornerstone of the energy transition</b></p>	<p>Renewable energy growth, including distributed generation, will need to be reinforced to accommodate new connections and achieve the levels of flexibility needed to harness the potential of new renewable energy sources.</p> <p>Electrification will require a strengthening of the grid, driven by increased peak demand, electric vehicle penetration, energy communities and the increase in electric heat pumps.</p>	<p>70% of new renewable capacity and &gt;90% of distributed generation is expected to be connected to the grid.</p> <p>~40 million electric vehicles in 2030 in the EU, with the need to deploy home, car park and roadside chargers.</p>
 <p><b>Ageing infrastructure/need for renewal</b></p>	<p>Aging infrastructure will require investment cycles in the coming years to maintain the quality and security of supply.</p>	<p>Most European assets are over 30 years old, and some are already over 50 years old.</p>
 <p><b>Increased production levels</b></p>	<p>The increased impact associated with power outages is driving an improvement in reliability requirements.</p> <p>Extreme weather events are becoming increasingly frequent, thus requiring greater resilience.</p>	<p>The SAIDI has improved significantly (~40% between 2010-2016 in certain EU countries).</p> <p>€940 bn RAB between 2017 and 2050, in Europe alone, to meet society's needs and required investment.</p>
 <p><b>Digitisation and automation</b></p>	<p>Digitisation is unlocking new services for systems and promoting a new wave of operational excellence.</p>	<p>Agents supporting major structural changes to create the grids of the future (e.g., load optimisation, smart meter deployment, dynamic pricing, grid sensorization, DSO as platform providers, etc.).</p>

In particular, the Spanish market is facing an accelerated energy transition compared to other European and global markets.

**Pillars and principles of the National Integrated Energy and Climate Plan (2021-2030 PNIEC)**

SPANISH TREND	IMPLICATIONS FOR DISTRIBUTORS
 <p>Increase in the use of renewables for electricity production from the current ~40% in 2020 to ~74% by 2030.</p> <ul style="list-style-type: none"> <li>• Integration of new renewable electricity generation facilities in the grid</li> <li>• Increased self-consumption of renewables due to new regulations</li> </ul> <p>Reduction of energy dependence on fossil fuels from 74% in 2017 to ~60% by 2030.</p>	<p>Adaptation of distribution grid planning.</p> <p>Development of new grid connections.</p> <p>Introduction of new capabilities to control distributed resources.</p>
 <p>Energy efficiency<sup>1</sup> improvement target of ~40% in 2030 compared to the ~32% target set by the European Union.</p> <ul style="list-style-type: none"> <li>• Efficient transport to reduce passenger traffic in urban areas by 35%</li> <li>• Growth of electric vehicle fleets from ~31k in 2017 to ~5M by 2030</li> </ul>	<p>Increased strengthening of the distribution grid to cover peak demand, in comparison with other countries.</p> <p>Installation of charging points to cover the increase in electric vehicles.</p> <p>Increased flexibility to cover the full potential of renewable energies.</p>
 <p>Increase in the degree of interconnection from &lt;5% of installed generation capacity to 15% by 2030.</p>	<p>Unprecedented strengthening and visualization of the medium and high voltage grid.</p>
 <p>Increased European and national recovery funds earmarked for energy efficiency and resilience, environmental purposes and integration of rural areas.</p>	<p>Additional subsidy-based investments, with a particularly positive impact for NewCo thanks to increased recovery funds dedicated to rural areas.</p>

<sup>1</sup> Reduction in primary energy consumption increases pressure to reuse final energy.

## KEY TECHNOLOGIES TO OPERATIONAL EXCELLENCE



### Demand management and smart grids

Sophisticated load models, artificial intelligence and real-time dynamic data availability. Smart grids will further enable identification of faults, isolation of affected parts, and automatic reconnection and re-energization.



### New generation of data control and acquisition centres

Artificial intelligence for dispatch planning and management, enabling increased efficiency in field operations. Remote management and automated control solutions.  
Grid sensorization (IoT) for maintenance optimisation and fault detection.



### Excellence with our customers

End-to-end implementation of the digital customer journey (E2E digital journey).



### Smart meter deployment

Bi-directional meters for reading and grid control to facilitate integration with the consumer and enable automated operations management (e.g., quality of supply).

## 1.3. Our year

### 1.3.1. Recognition and relevant milestones

#### 1 JANUARY

EDP and Macquarie complete Viesgo's acquisition.

#### 3 FEBRUARY

EDP launches the fifth series of the Free Electrons programme.

#### 23 FEBRUARY

EDP is ranked among the most ethical companies in the world for the tenth year in a row.

#### 22 MARCH

EDP renews its Family Responsible Company certification (efr) with a new level.

#### 1 APRIL

EDP new Code of Ethics is established.

#### 7 APRIL

EDP is recognised as the best digital utility in Europe and the second best in the world.

#### 14 APRIL

EDP España adheres to Forética

#### 28 APRIL

A new Occupational Health and Safety Policy is established.

#### 16 SEPTEMBER

EDP is among the energy and innovation leaders that launch the Global Alliance for Sustainable Energy.

#### 27 JULY

EDP Ventures España invests €200,000 in the Asturian start-up Plexigrid

#### 15 JULY

The 4th Framework Collective Agreement and Organisational Efficiency Agreement of Viesgo and BEGASA is signed.

#### 30 JUNE

EDP makes its debut at the UIMP with a course on energy transformation and its environmental, social and governance implications.

#### 21 MAY

EDP adheres to Fundación Biodiversidad.

#### 27 SEPTEMBER

EDP joins Google in 24/7 Carbon-Free Energy Compact.

#### 4 OCTOBER

LEAN EDP Redes España is launched.

#### 25 OCTOBER

The Entama programme allocates more than €100,000 to support local entrepreneurs.

#### 28 OCTOBER

EDP adheres to Forética Circular Economy Task Force.

#### 29 OCTOBER

EDP España recognises its employees' excellence through the Recognise

#### 9 NOVEMBER

Viesgo is recognised for its environmental, social and good governance performance.

#### 9 NOVEMBER

The EDP Group actively participates in COP26.

#### 15 NOVEMBER

EDP is recognised as the world's most sustainable utility by the Dow Jones Index.

#### 18 NOVEMBER

EDP collaborates with GREFA in the White-tailed eagle project.

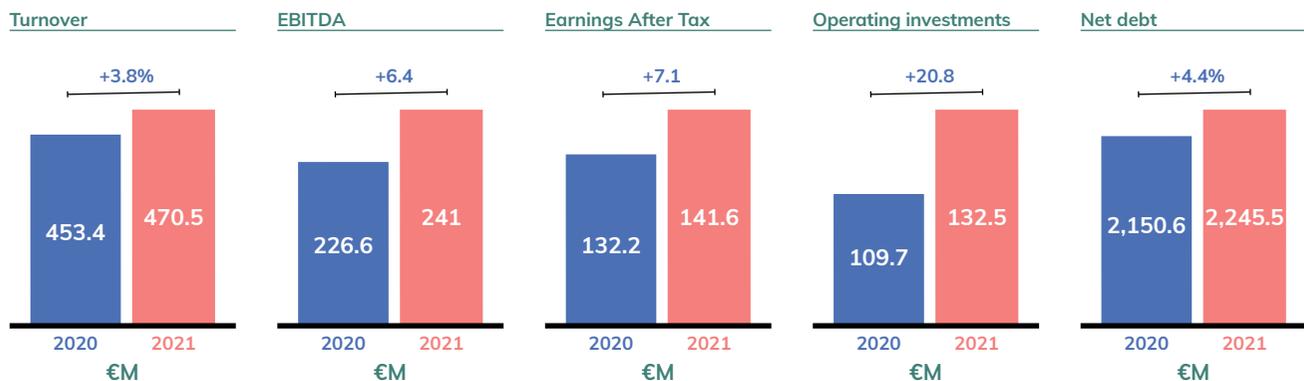
#### 1 DECEMBER

EDP is awarded in Europe for the digital transformation of its distribution network.



### 1.3.2. Key figures

#### FINANCIAL DATA



#### DATOS OPERACIONALES

	2021		2020	
	E-Redes	Viesgo	E-Redes	Viesgo
Distributed energy (GWh)	8,029	6,058	7,501	5,905
Total installed power (MVA) <sup>1</sup>	5,324	7,805	5,338	7,805
Supply points connected to our grid (#)	674,103	702,375	671,598	699,326
% Loss in the distribution grid	3.6	6.2	3.8	5.8
Grid kilometres	20,782	31,711	20,867	31,547

<sup>1</sup> Installed power in substations

# 14,086 GWh

DISTRIBUTED ENERGY

# 13,129 MVA

TOTAL INSTALLED POWER

# 1,376,478

SUPPLY POINTS CONNECTED

## ESG DATA

	INDICADOR	UNIDAD	E-Redes	Viesgo	EDP Redes España
ENVIRONMENTA	Recovery of hazardous waste	%	64	47	57
	Recovery of non-hazardous waste	%	85	61	72
	Specific CO <sub>2</sub> emissions	gCO <sub>2</sub> /kWh	4.0	8.4	5.7
	Assets certified under ISO 14001	%	100	100	100
	% of electrified fleet	%	37%	36%	37%
	Restored habitat	ha			89
	Environmental investment	m€	3,186	6,142	9,328
SOCIAL	Engagement level (top tier company)		√	√	√
	Employee no.	#	281	278	559
	% of women	%	13.5	20.9	17.2
	Hours of training	h	10,249	7,182	17,431
	Employees who have received training	#			634
	No. of accidents involving leave of own staff	#	0	1	1
	No. of accidents involving leave of contractors	#	2	1	3
Quality of supply: TIEPI	min	26.1	13.5	20.28	
GOVERNANCE	Women in leadership positions	%	22	21,2	21,7
	Remuneration linked to ESG for top management		√	√	√
	Cybersecurity		√	√	√
	Upper quartile in sustainability indices		√	√	√



## 1.4. EDP Redes España

### 1.4.1 Where are we

#### E-Redes

**20,782 km**  
OF LINES

**15,621 km**  
OF OVERHEAD LINES

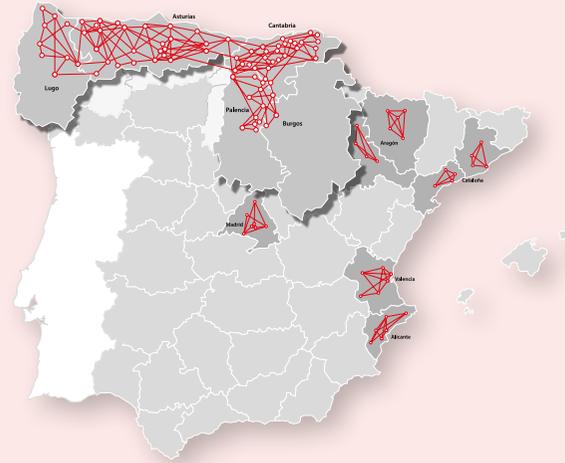
**5,175 km**  
OF UNDERGROUND LINES

**674,103**  
CUSTOMERS

#### EDP Redes

**559**  
TOTAL EDP REDES  
ESPAÑA EMPLOYEES

**14,086 GWh**  
ELECTRICITY



**52,492 km**  
OF LINES

**39,554 km**  
OF OVERHEAD LINES

**12,939 km**  
OF UNDERGROUND LINES

**1,376,478**  
CUSTOMERS

#### Viesgo

**31,711 km**  
OF LINES

**23,933 km**  
OF OVERHEAD LINES

**7,778 km**  
OF UNDERGROUND LINES

**702,375**  
CUSTOMERS

### 1.4.2. Organisation of sustainability

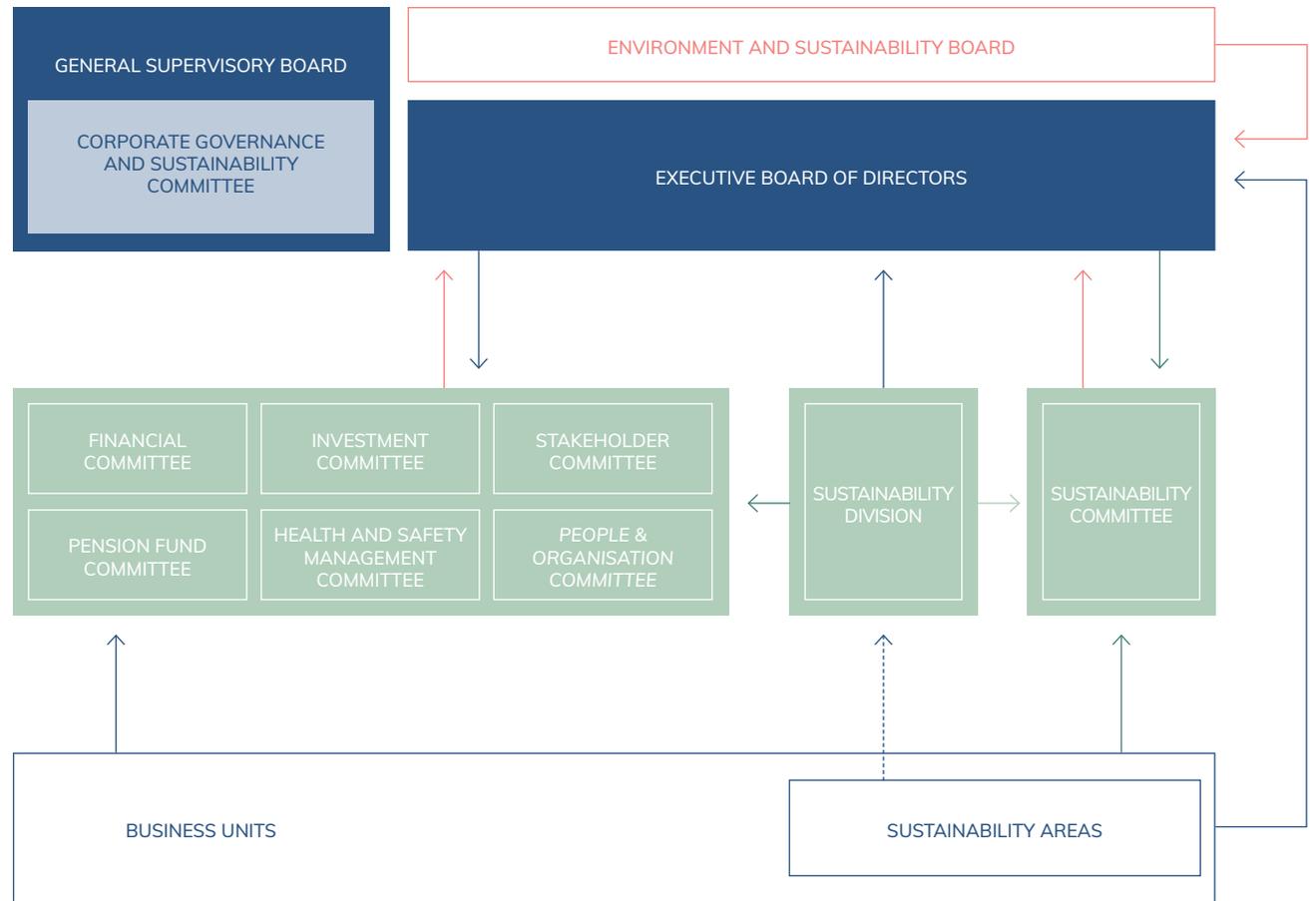
The EDP Group acknowledges the importance of sustainability in its value chain, integrating the ESG (Environmental, Social and Governance) risks and opportunities in its business strategy, particularly, as regards climate change and energy transition. In order to follow this road, EDP reckons that guaranteeing the effective responsibilities of the respective corporate organs is a precondition for a good governance management.

The General Supervisory Board (CGS) is the organ responsible for advising, controlling and supervising EDP's management. At least once a year, it reviews and updates the strategy, the policies, the long-term plans, and the risks related to the activity of the company and its subsidiaries. For this purpose, the CGS counts on the Corporate Governance and Sustainability Committee, specialised in dealing with especially important ESG matters.

The Executive Board of Directors (CAE) is responsible for the decision, supervision and control of risk management and for approving the respective exposure limits per risk category. As regards sustainability, two main topics entail a proactive risk management, since they constitute an uncertainty and volatility factor for the business, namely the global energy model and climate change.

The CAE defines the ESG policies and objectives upon the proposal of the corporate Sustainability Division, supported by the Sustainability Committee.

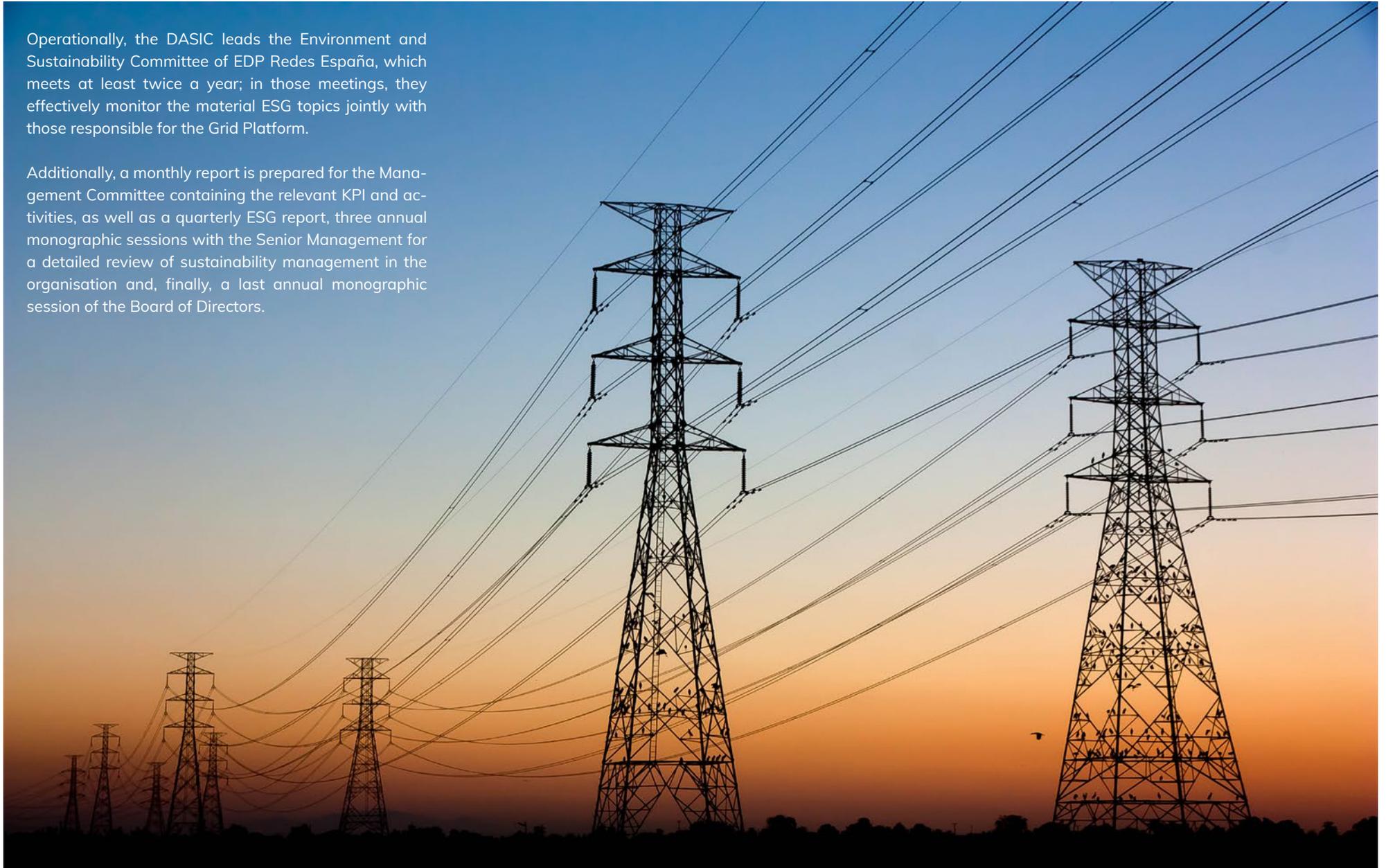
With concern to EDP Redes España, the division responsible for sustainability organisation is the Environment, Sustainability, Innovation and Climate Change Division (DASIC), which is in charge of running the implementation of the ESG strategies, policies, plans and risk management, proceeding to review and adapt them to the Spanish framework, in accordance with the strategic objectives of the Group and the current regulations.



- Corporate organs
- Corporate centre and committees
- Other statutory organs
- Business Units
- Social body
- Corporate organs
- Corporate centre and committees
- Other statutory organs
- Business Units
- Social body

Operationally, the DASIC leads the Environment and Sustainability Committee of EDP Redes España, which meets at least twice a year; in those meetings, they effectively monitor the material ESG topics jointly with those responsible for the Grid Platform.

Additionally, a monthly report is prepared for the Management Committee containing the relevant KPI and activities, as well as a quarterly ESG report, three annual monographic sessions with the Senior Management for a detailed review of sustainability management in the organisation and, finally, a last annual monographic session of the Board of Directors.



### 1.4.3. Management of stakeholders

The management of stakeholders has long been a strategic priority for EDP, which has anticipated the growing openness of companies to society in order to meet increasingly demanding ethical and transparency rules.

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

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

EDP upholds its commitment to retain the excellence achieved in this sphere, fostering dialogue with its stakeholders, adapting and improving its procedures, and incorporating different opinions in its action plans.

Thus, the management of stakeholders is conducted in accordance with the Stakeholder Relationship Policy of the EDP Group and the Methodological Guide on Stakeholder Relationship Management.

This line of action is aimed at building and strengthening relationships of trust, sharing knowledge and relevant information, anticipating challenges and identifying new opportunities for cooperation in the face of the challenges the EDP Group is confronting in all the geographical areas in which it operates.

The four major guiding commitments of this Policy are: to understand, to communicate, to trust and to collaborate.

#### Understand

> Include > Identify > Prioritise

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

#### Communicate

> Inform > Listen > Reply

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

#### Trust

> Transparency > Integrity  
> Respect > Ethics

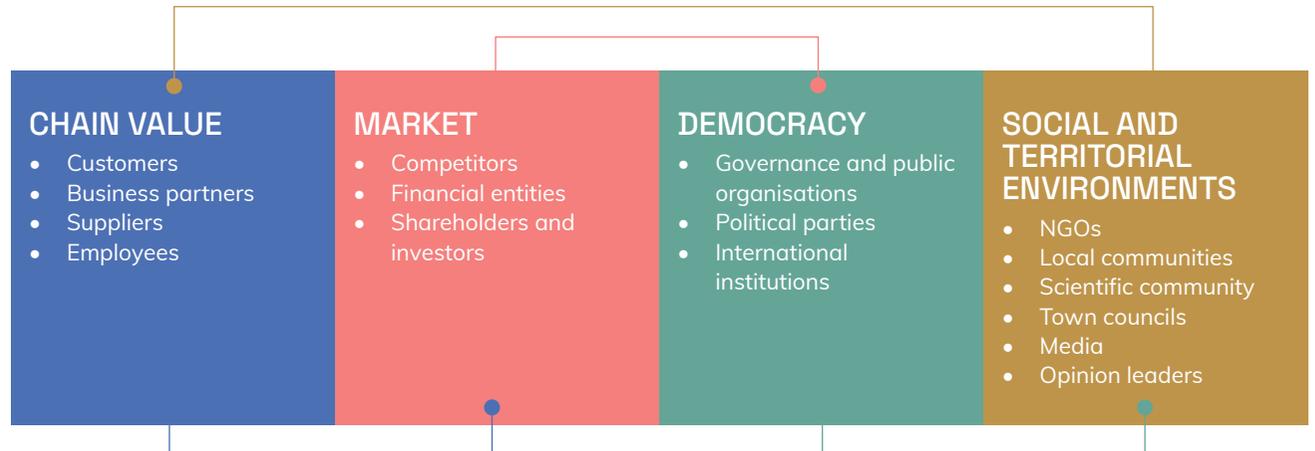
- We believe that fostering an environment of trust with our stakeholders is crucial to establish steady long-term relationships.
- Our relationship with our stakeholders is based on values such as transparency, integrity and mutual respect.

#### Collaborate

> Integrate > Share  
> Cooperate > Inform

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

The EDP Group's stakeholders are organised into four well-differentiated segments:





# SAFETY

Protecting our people  
is more than a will, it's a commitment.

# 02 — SUSTAINABILITY STRATEGY

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EDP REDES  
ESPAÑA  
01

SUSTAINABILITY  
STRATEGY  
02

2021 PERFORMANCE  
03

YEAR-TO-YEAR  
DATA  
04

RETURN  
05

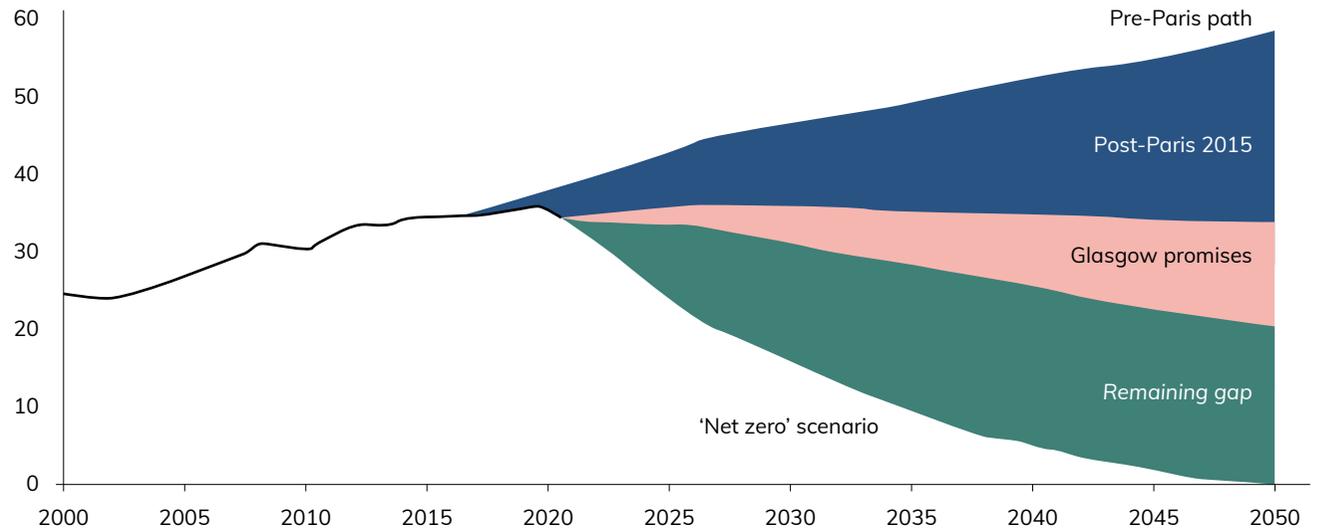
## 2.1. Sector trends

### Combatting climate change: an unprecedented challenge that requires everybody's efforts

The world is facing an unprecedented challenge to reach carbon neutrality by 2050 and limit the global temperature increase to 1.5 °C above pre-industrial levels. Achieving this objective involves reversing the latest century trend of successive increase in greenhouse gas emissions at a time in which the world population is expected to grow by 2,000 million people, the world GDP is expected to double, and it will be necessary to guarantee access to energy to the entire world population (currently 770 million people do not have access to electricity)

Over the last years, the world commitment to the fight against climate change has significantly grown, and it is estimated that, following the commitments assumed in the COP26 in Glasgow, almost 90% of the world Gross Domestic Product (GDP) will be produced in countries that have already established, or are in the process of establishing, a carbon neutrality goal. The European Union and the United States have committed to achieve this neutrality by 2050, and other countries, such as China and Brazil, by 2060, and India, by 2070.

CO<sub>2</sub> EMISSIONS IN THE WORLD PER SCENARIO, 2000-2050



Source: International Energy Agency, World Energy Outlook 2021.

### What will be necessary to reach carbon neutrality?

The different international studies about how to achieve carbon neutrality coincide in the main trends of the energy sector, which include decarbonisation of energy consumption, especially, through energy efficiency, behaviour changes and electrification.

As regards energy production, it is necessary to invest on a large scale in renewable energies, hydrogen production, bioenergy and storage technologies, as well as in the so-called energy transition facilitators, which include energy and digitisation of the value chain.

It should be noted that the different decarbonisation instruments must be used in an integrated way to seize environ-

mental synergies and energy system management. Lastly, in order to guarantee a just energy transition, the access to energy of all citizens must be envisaged in order not to leave anyone behind.

#### Decarbonising energy consumption

The energy consumption reduction by using more efficient equipment and/or fostering behaviour changes is one of the measures with the highest impact in terms of a potential emission reduction. To achieve carbon neutrality, diverse studies point out to the need to increase the electricity weight in the final energy consumption from the current 20% to almost 50% by 2050.

Nowadays, there are already sufficient efficient and economically competitive technologies in the market to meet the energy consumption of families and companies. Some of these technologies lead the markets in their segment (for example, the LED lamps), while others are in an earlier stage in the market penetration curve (for example, electric vehicles, heat pumps).

It should also be highlighted that in the last decade, there has been an important improvement in energy consumption efficiency, evidenced by a marked reduction in energy intensity (calculated as the quotient between the energy consumption and the GDP), which has improved almost by 20% in the world over the last decade. This explains the dissociation that has already occurred between economic growth and energy consumption growth, especially in the most developed countries.

### Decarbonising energy production

The energy transition requires that most of the current energy based on fossil fuels is replaced by clean and renewable sources. It is expected that the electricity sector will be the one contributing the most to this share of renewables, since there are various competitive technologies with a high potential for expansion. According to BloombergNEF, within one decade, the cost of land wind energy has reduced approximately by 60%, while the cost of solar photovoltaic energy has been approximately reduced by 90%.

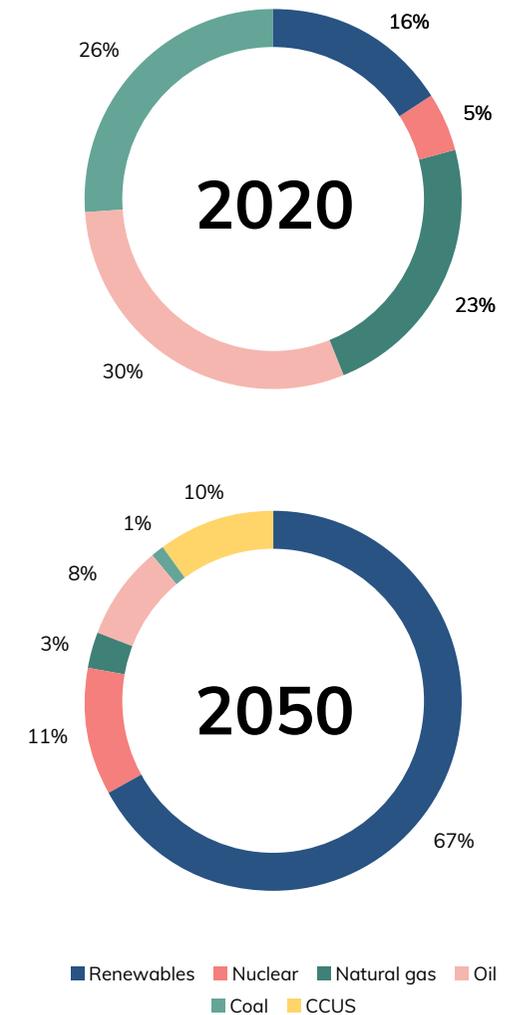
The same source states that these two technologies are currently the most economical for the new electricity generation plants in countries that represent more than two thirds of the world population.

Thus, the neutrality-consistent scenarios point out that the share of renewables in the electricity sector must be around 90% by 2050, as compared to 29% in 2020.

Given that renewable energy is intermittent and non-manageable, the use of flexibility technologies is required so that generation and consumption coincide at all times. Today, flexibility technologies are already partially mature and are part of the electricity system, such as the pumping plants and interconnections, and others that are in the growth stage, such as batteries.

Green hydrogen is acquiring an outstanding role in this energy transition, due to its potential to decarbonise sectors in which electrification is not technically viable or profitable. This is the case of some heavy industry consumptions (for example, steel and cement production) and long-distance heavy transport.

PRIMARY ENERGY CONSUMPTION IN THE WORLD, IN THE 'NET ZERO' SCENARIO



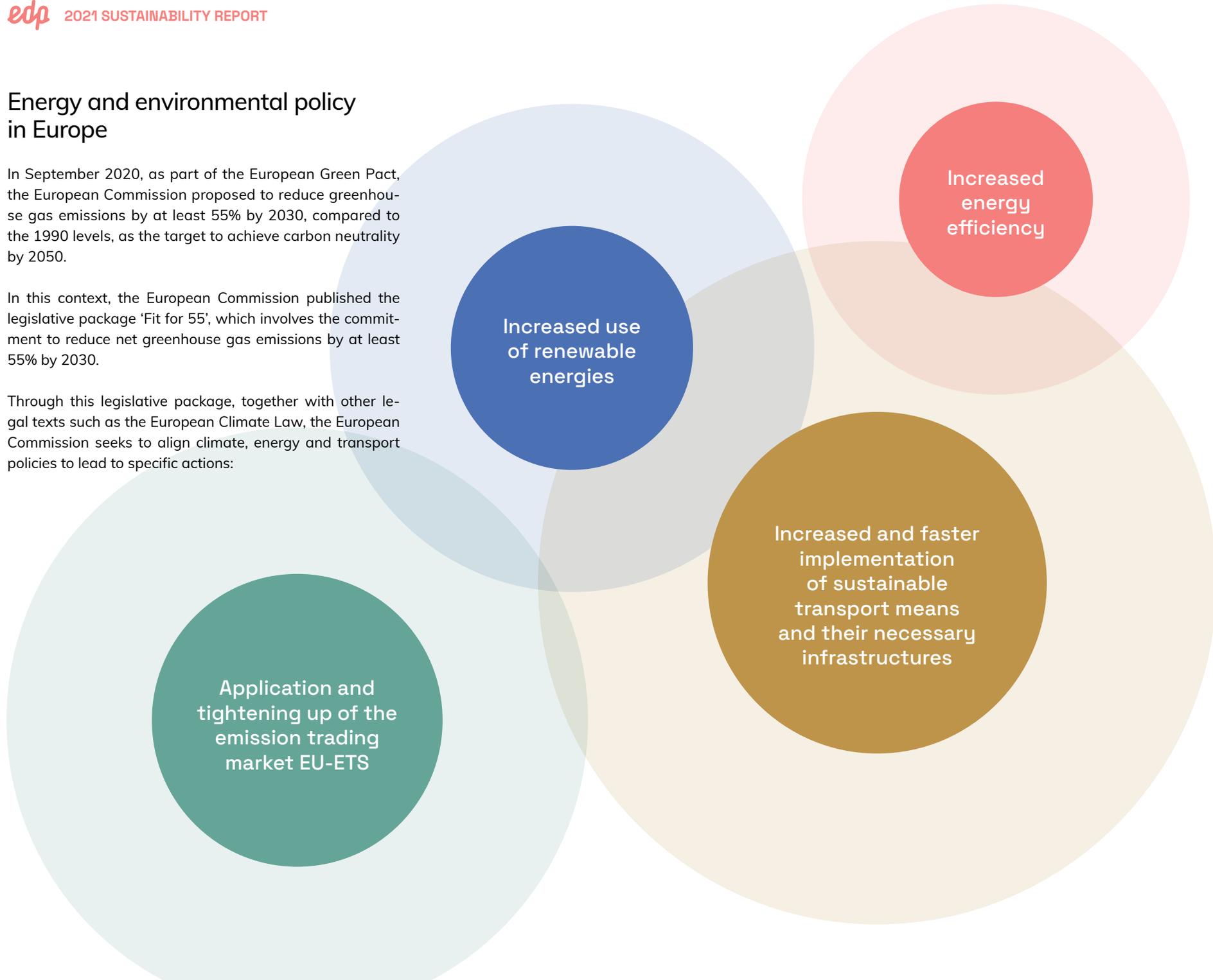
Source: International Energy Agency, World Energy Outlook 2021

## Energy and environmental policy in Europe

In September 2020, as part of the European Green Pact, the European Commission proposed to reduce greenhouse gas emissions by at least 55% by 2030, compared to the 1990 levels, as the target to achieve carbon neutrality by 2050.

In this context, the European Commission published the legislative package 'Fit for 55', which involves the commitment to reduce net greenhouse gas emissions by at least 55% by 2030.

Through this legislative package, together with other legal texts such as the European Climate Law, the European Commission seeks to align climate, energy and transport policies to lead to specific actions:



## 2.2. ESG risk management

### 2.2.1. Main risks

The Group tries to have a global vision of the main risks to which it is exposed on a strategic, business, financial and operational level. Likewise, processes have been established to guarantee their monitoring and proactive management.

Year 2021 continued to be marked by the COVID-19 pandemic and by the high volatility in energy sectors, especially in the second semester. Risk management reaffirmed its importance, playing a key role in this disruptive context.

	EXPOSITION OF TOPICS (NON-EXHAUSTIVE)	RECENT OR EXPECTED DEVELOPMENT IN THE SHORT TERM	MITIGATION ACTIONS (NON-EXHAUSTIVE)
EXTERNAL ENVIRONMENT	<ul style="list-style-type: none"> <li>• Geopolitical instability</li> <li>• Social and economic crises</li> <li>• Technology disruption</li> <li>• Changes in the competitive paradigm</li> <li>• Climate change</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>• Macroeconomic uncertainty due to the inflation increase and its persistence and the social, fiscal and monetary response</li> <li>• Instability of the supply chains</li> <li>• Pandemic scenario expected in the short term, with the risk of containment measures with a relevant economic and social impact (specifically, containment) due to the appearance of new variants. However, the risk can be mitigated with exhaustive vaccination plans for the population</li> <li>• Strengthening of the social and political commitment to renewable energies</li> </ul>	<ul style="list-style-type: none"> <li>• Rigorous analyses and prospective investment are carried out in EDP Redes España to allow us to anticipate and adapt our business model to the potential market development trends (for example, digitisation, decarbonisation)</li> </ul>
INTERNAL STRATEGY	<ul style="list-style-type: none"> <li>• Investment strategy</li> <li>• Relationship with stakeholders</li> <li>• Business planning</li> </ul>	<p>▬</p> <ul style="list-style-type: none"> <li>• Communication to investors of a new strategic plan and strengthening of EDP España's and EDP Redes España's commitment to sustainable investment</li> <li>• EDP ranks first and has obtained the best score in its history in the utilities sector in the Dow Jones Sustainability Index by S&amp;P</li> <li>• Viesgo Distribución Top Quintile in the Global ESG Benchmark for Real Assets (GRESB)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment is submitted to a due diligence process on a group level, with pre-set criteria for the analysis, decision and monitoring of projects</li> <li>• Assessment of the investment by a specific committee (on a monthly basis)</li> </ul>
ENERGY MARKETS	<ul style="list-style-type: none"> <li>• Fluctuations in pool, raw materials and CO<sub>2</sub> prices</li> <li>• Volatility in the renewable energy production volume</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>• Increase of the wind and solar renewable capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Electrification of the Fleet</li> <li>• Efficient buildings</li> <li>• Boost of Distributed Generation, Technology and Digitisation</li> </ul>

	EXPOSITION OF TOPICS (NON-EXHAUSTIVE)	RECENT OR EXPECTED DEVELOPMENT IN THE SHORT TERM	MITIGATION ACTIONS (NON-EXHAUSTIVE)
REGULATION	<ul style="list-style-type: none"> <li>Variation of sectoral rates, taxes and charges</li> <li>Changes in the rate systems of regulated activities</li> <li>Changes in laws</li> <li>Changes in standards (for example, environmental or climate-related)</li> </ul>	<p>▬</p> <ul style="list-style-type: none"> <li>Regulatory impacts on Spain materialising with respect to the results of EDP Redes España</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and thorough preparation of the different regulatory files, including the forecast of potential regulatory risks (for example, climate transition risks)</li> </ul>
FINANCIAL MARKETS	<ul style="list-style-type: none"> <li>Fluctuations in interest rates</li> <li>Fluctuations in exchange rates</li> <li>Inflation</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>Increased uncertainty about inflation and interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of interest rates according to the procedures and instruments planned in the Group policies and regular reports</li> <li>Contracts with inflation indexation components</li> </ul>
CREDIT AND COUNTERPARTIES (ENERGY AND FINANCIAL)	<ul style="list-style-type: none"> <li>Incumplimiento de las contrapartes financieras</li> <li>Impagos de Comercializadoras y/ o peajes directos</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>Increased credit exposures due to the rising prices in the energy markets</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of counterparties and continuous debt control</li> </ul>
LIQUIDITY	<ul style="list-style-type: none"> <li>Déficits de tesorería puntuales</li> <li>Bajada del rating financiero (y el consiguiente aumento de los costes de financiación y limitación del acceso a la misma)</li> </ul>	<p>▬</p> <ul style="list-style-type: none"> <li>Increased liquidity needs due to price variations in the energy markets, offset by the conservative cash position of the EDP Group</li> <li>The financial liquidity of the EDP Group is sufficient to meet the refinancing needs beyond 2022</li> <li>Improvement in EDP's rating by Standard &amp; Poor's and Fitch and improvement in Moody's perspective, which strengthens EDP's investment grade</li> </ul>	<ul style="list-style-type: none"> <li>Cash pooling</li> <li>Liquidity levels based on a detailed forecast of the cash needs (sufficient to cover two years)</li> <li>Diversification of the financing sources, the profile of the debt types and the maturity thereof</li> </ul>
SOCIAL RESPONSIBILITIES	<ul style="list-style-type: none"> <li>Capitalización del Fondo de Pensiones de Beneficio Definido</li> <li>Costes adicionales de jubilación actual y anticipada</li> <li>Costes de gastos médicos</li> </ul>	<p>↓</p> <ul style="list-style-type: none"> <li>Comfortable capitalisation position with a lower financing deficit risk due to the recovery of assets and the interest rate increase</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of the Defined-Benefit Pension Fund, the value of its assets and the responsibilities assumed by a specific committee (Pension Plan and Fund Committee), with the participation of members from the financial and risk areas</li> </ul>
PLANNING/ CONSTRUCTION OF PHYSICAL ASSETS	<ul style="list-style-type: none"> <li>Retrasos en la fecha de puesta en marcha (PES) y pérdida de ingresos</li> <li>Desviaciones de CAPEX</li> </ul>	<p>↑</p> <ul style="list-style-type: none"> <li>Increased instability and inflation in the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Regular inspection and preventive maintenance</li> <li>Crisis management and business continuity plans in case of disaster (for example, environmental, climate, structural, breakage damage)</li> <li>All-risk insurance policies (mainly property damage and loss of profits, third-party liability and environmental liability)</li> <li>Anti-fraud programmes (as regards non-technical losses)</li> <li>Documentation and formalisation of the different existing processes focused on the specific area</li> </ul>
OPERATION OF PHYSICAL ASSETS	<ul style="list-style-type: none"> <li>Daños a bienes físicos y a terceros</li> <li>Averías por defectos en los componentes o en la instalación</li> <li>Indisponibilidad debido a eventos externos (por ejemplo, de naturaleza atmosférica)</li> <li>Pérdidas técnicas y no técnicas asociadas a la red de distribución de electricidad</li> </ul>	<p>▬</p> <ul style="list-style-type: none"> <li>Maintenance of the relevance of the extreme event risk, with an impact on the electricity generation and distribution assets</li> </ul>	
PROCESSES	<ul style="list-style-type: none"> <li>Incumplimiento de los procesos desde el punto de vista de ciclo comercial, acceso a la red y operación y mantenimiento, selección y gestión de proveedores (productos y servicios), etc.</li> </ul>	<p>▬</p> <ul style="list-style-type: none"> <li>-</li> </ul>	

	EXPOSITION OF TOPICS (NON-EXHAUSTIVE)		RECENT OR EXPECTED DEVELOPMENT IN THE SHORT TERM	MITIGATION ACTIONS (NON-EXHAUSTIVE)
HUMAN RESOURCES	<ul style="list-style-type: none"> <li>Occupational accidents</li> <li>Unethical behaviour</li> <li>People management</li> <li>Relations with trade unions and other stakeholders</li> </ul>		<ul style="list-style-type: none"> <li>Continuation of the COVID-19 pandemic, especially with the appearance of new variants and the need to guarantee the health and safety of employees and associates/ partners of EDP</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety Committee</li> <li>Documentation, analysis and notification of incidents</li> <li>Monitoring of the ethical risk by the Ethics Ombudsperson Office</li> <li>Collection, analysis and assessment by the Ethics Committee of all the complaints about unethical behaviours</li> <li>Regular assessment of the safety risks and implementation of safety measures (for example, regular training, safety teams, specific training for work stations)</li> <li>Annual materiality analysis and qualitative interviews</li> </ul>
INFORMATION SYSTEMS	<ul style="list-style-type: none"> <li>Unavailability of information and communication systems</li> <li>Information integrity and security</li> </ul>	==	<ul style="list-style-type: none"> <li>Maintenance of the exposure level (for example, large-scale cyberattacks, data protection directives), partly offset by the continuous effort of the mitigation measures (cyber-scale, SOC, cyber risk insurance, training and awareness sessions)</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of criticalities and maximum downtime for the main applications</li> <li>Implementation of disaster recovery redundant systems</li> <li>Creation of a Security Operation Centre (SOC) responsible for continuously monitoring the security of the computer/OT infrastructures of the Group</li> <li>Own cyberspace to simulate and test the reaction of employees in the face of cyberattacks</li> <li>Online training and awareness actions about information security principles</li> <li>Continuous improvement of computer system security</li> <li>Cybernetic risk insurance</li> </ul>
LEGAL	<ul style="list-style-type: none"> <li>Losses derived from non-compliance with tax, labour, administrative laws or any other type of laws in force (sanctions, damages and settlements)</li> </ul>	==	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>Regular monitoring of legal exposure (individual for high-value lawsuits)</li> <li>Allocation of appropriate provisions to cover all the losses estimated as likely as a result of the ongoing lawsuits</li> </ul>

A more detailed description of the different risks is available in the Corporate Governance chapter, section I, point 53, of the Annual Report of the Group.

## 2.2.2. Other risks

	Risk description: (EXPOSITION OF TOPICS (NON-EXHAUSTIVE))	MITIGATION ACTIONS (NON-EXHAUSTIVE)
CUSTOMER RELATIONSHIP	<ul style="list-style-type: none"> <li>Reliability: Capacity of an organisation to meet what it has agreed with the customer</li> <li>Responsiveness: Level of assertiveness and speediness in responding. Adverse consequences of the brand attributes in the customer experience, resulting in a poor customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Measuring of NPS and associated action plans</li> </ul>
CORPORATE GOVERNANCE STRUCTURE AND INDEPENDENCE	<ul style="list-style-type: none"> <li>The corporate governance structure and independence risks are deemed to have a probability of occurrence of 0% due to EDP's robust governance model:                             <ul style="list-style-type: none"> <li>Incidents in the independence processes of the governance bodies, including the chairman of the executive committee, the audit committee or the remuneration committee</li> <li>Unforeseen changes in the corporate strategy in aspects such as shareholders' rights, composition and supervision of the committees (audit, remuneration, ESG, etc...) that make up the governance structure, changes in authority delegation roles, or changes in the executive remuneration structure</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Dual governance model comprised by the General Board, the Executive Board of Directors, the General Supervisory Board and the Auditor Board. The distribution of competences between the Executive Board of Directors and the General Supervisory Board has guaranteed an effective management of the Company, in addition to the benefit of constant monitoring</li> <li><a href="https://web3.cmvvm.pt/sdi/emitentes/docs/RGS81760.pdf">https://web3.cmvvm.pt/sdi/emitentes/docs/RGS81760.pdf</a></li> <li>Ombudsperson and Ethics management structure</li> <li>Integrity policy</li> <li>Integrity due diligences</li> <li>EDP Compliance model</li> </ul>
POLLUTION	<ul style="list-style-type: none"> <li>Visual pollution of the areas of activity derived from the extreme luminosity generated in the premises</li> <li>Noise pollution caused by the activity in the premises</li> <li>Air pollution caused by the emission of greenhouse gases and other polluting gases related to the company's activity</li> <li>Pollution of the soil in use and of neighbouring areas caused by the potential spillage of hazardous substances, generated waste that has not been adequately controlled and disposed, and non-regulated waste products</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring of legal compliance</li> <li>Obtaining of ISO 14001 certification</li> </ul>
BIODIVERSITY DAMAGE	<ul style="list-style-type: none"> <li>Adverse impact on biodiversity and habitats in the areas in which the company operates, resulted from the environmental impacts described in the POLLUTION risk</li> <li>Electrocution risk for birds, especially protected in the designated protection areas. Electric risk in fishing; potential risk in the river fishing activity in the event of a fortuitous contact of the rod and the fishing line with a bare wire in a power line</li> </ul>	<ul style="list-style-type: none"> <li>Installation of anti-electrocution and anti-collision devices</li> <li>Information actions/Awareness campaigns by EDP</li> </ul>
OCCUPATIONAL HEALTH AND SAFETY	<ul style="list-style-type: none"> <li>Loss of occupational health and safety of employees, suppliers and subcontractors</li> <li>Health and safety risks associated with the other suppliers in the supply chain, including Tier 2 and 3 suppliers</li> <li>Accidents and potential incidents related to external users in premises and power substations (for example, in fishing near installations, potential risks in the river fishing activity in the event of a fortuitous contact of the rod and the fishing line with a bare wire in a power line)</li> <li>Deterioration of emotional and psycho-social health</li> <li>Staff exposure to the risk of being infected by COVID-19 when performing their duties</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety Management Committee</li> <li>Awareness sessions for employees and performance of SWTs</li> <li>Training related to the work stations</li> <li>Annual climate surveys and associated action plans</li> <li>Assessment of suppliers on ESG matters</li> <li>Information actions/Awareness campaigns by EDP</li> </ul>

	Risk description: (EXPOSITION OF TOPICS (NON-EXHAUSTIVE))	MITIGATION ACTIONS (NON-EXHAUSTIVE)
HUMAN RIGHTS	<ul style="list-style-type: none"> <li>• Non-compliance with human rights regulations and incidents or cases of child and/or forced labour in the supply operations or chain</li> <li>• Non-compliance with the freedom of association regulation</li> </ul>	<ul style="list-style-type: none"> <li>• Nueva Política de derechos Humanos</li> <li>• DDI (previa a la firma de los contratos)</li> <li>• Aceptación Código de ética EDP</li> <li>• Seguimiento normativo</li> </ul>
IMPACT ON THE COMMUNITY	<ul style="list-style-type: none"> <li>• Limitations or hindrance to community development such as, for example, to the creation of new local jobs or partnerships with social companies, caused by the impact generated by operations</li> </ul>	<ul style="list-style-type: none"> <li>• EDP Suma+: programa global en EDP España para aglutinar los diferentes proyectos y actividades de gestión de grupos de interés, a través de proyectos y programas estratégicos estandarizados.</li> </ul>
SECURITY OF SUPPLY	<ul style="list-style-type: none"> <li>• Lack of supply of materials, reducing the efficiency of resources</li> <li>• Instability of supply chains and, particularly, in the energy sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Contracts to cover critical suppliers</li> <li>• Integrity due diligence (prior to the signing of contracts)</li> </ul>

### 2.2.3. Emerging risks

In addition to keeping a close watch on the main risks inherent to the activity of the Group, the main trends (on a global and sector level) that may be translated into threats and opportunities for the Group area also mapped out, and the appropriate mitigation strategies are proactively developed.

Due to their impact over the last years, the following trends should be highlighted: (1) the challenge of adjusting the wholesale market to the current conditions, (2) the change in paradigm of decentralised resources, (3) the industrial revolution and the digitisation of the electricity

sector, (4) the growing threat of cybernetic risks, and (5) the potential growing frequency and the worsening of the impact of extreme climatic phenomena.

	DESCRIPTION	IMPACT	MITIGATION MEASURES
DISTRIBUTED RESOURCES	<p><b>Increase of distributed resources, including:</b></p> <ul style="list-style-type: none"> <li>• Decentralised generation (particularly, photovoltaic solar energy) for self-consumption.</li> <li>• Electric vehicles.</li> <li>• Active management of demand.</li> <li>• Storage.</li> </ul>	<p><b>Threat regarding:</b></p> <ul style="list-style-type: none"> <li>• Reduction in the self-consumption customers' contribution to the system costs (grids and others) and subsequent need to raise the rates.</li> <li>• Change in the energy flow dynamics in the grid.</li> </ul> <p><b>Opportunity to sell new products and services</b></p>	<p><b>An active regulatory management, particularly as regards the rate structure, providing efficient price signals and incentives</b></p>

	DESCRIPTION	IMPACT	MITIGATION MEASURES
4th INDUSTRIAL REVOLUTION AND DIGITISATION	<p><b>Proliferation of new technologies with a disruptive potential in the electricity sector, including:</b></p> <ul style="list-style-type: none"> <li>• Blockchain</li> <li>• IoT</li> <li>• AI/automatic learning</li> <li>• Virtual/augmented reality</li> <li>• Robotic process automation</li> </ul>	<p><b>Opportunities of business and operating optimisation:</b></p> <ul style="list-style-type: none"> <li>• Operation and maintenance of assets (generation and grids)</li> <li>• Optimisation of the back office and shared services</li> </ul>	<p><b>Monitoring of the best practices and developments in the digital sphere, applicable to the energy sector</b></p> <ul style="list-style-type: none"> <li>• <b>Creation of a department dedicated to the digitisation of the EDP Group (Digital Global Unit, DGU), as a result of the EDPX project, developed in cooperation with the internal and external specialists, for the acceleration of ideas and the testing of digital solutions:</b> <ul style="list-style-type: none"> <li>• Assets/operations (for example, predictive maintenance, active management, digitisation of field tasks, energy management/trade)</li> <li>• Group (AGILE/project-based solutions, internal process optimisation/automation)</li> </ul> </li> </ul>
CYBER RISKS	<p><b>Exposure to diverse cyber risks derived from the growing technology sophistication and integration</b></p>	<p><b>Financial, operating and reputational losses, derived, among others, from:</b></p> <ul style="list-style-type: none"> <li>• Business loss/halt (office/plants, invoicing and customer service).</li> <li>• Asset damage/destruction (grids, plants, other systems).</li> <li>• Data breach/destruction (personal and others).</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Continuous improvement of the internal system security</b></li> <li>• <b>Security Operation Centre (SOC)</b> dedicated to the continuous monitoring of the computer infrastructure security of the Group</li> <li>• <b>Own cyberspace</b> to simulate and test the employees' reaction in the face of a cyberattack</li> <li>• <b>Training and awareness actions</b> in line with the information security principles</li> <li>• <b>Cybernetic risk insurance</b></li> </ul>
EXTREME METEOROLOGICAL PHENOMENA	<p><b>Structural climate change</b> (particularly, temperature and rainfall), impacting on the frequency and severity of extreme meteorological phenomena (for example, floods, droughts, storms, fires)</p>	<ul style="list-style-type: none"> <li>• <b>Damage to physical assets and loss of profits</b></li> <li>• <b>Impact on the quality of the service provided (distribution network)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Geographical and technological diversification</b></li> <li>• <b>Active role in the climate change fight agenda</b>, specifically, in the promotion of decarbonisation and energy efficiency</li> <li>• <b>Adoption of the TCFD1 recommendations</b> and mapping of the main climate risks for EDP Redes España according to the categorisation of transition and physical risks</li> <li>• <b>Existence of areas and plans devoted to crisis management and business continuity</b>, on a corporate level and with concern to the main business units</li> </ul>

### 2.2.3. Climate risk strategy and management

During 2021, a procedure focused on recurring climate risk analysis was approved in the framework of corporate risk management. It is described below.

#### Climate risk and opportunity framework

Climate risks have a specific annual process to assess, along with the business units, which the main climate risks and opportunities are, in order to test the Group's financial resilience regarding climate transition.

The process, run by the Corporate Centre, is supported by a specialised interlocutor network present in the different business units, and it is divided in three stages, which are detailed below.

The quantification exercise is carried out for each material risk in three time horizons (4-, 10- and 30-year business plan) and according to three different climate scenarios. The exercise is consolidated on a Group level, by business unit and business segment.



**Validation of the climate risk and opportunity taxonomy by the business units**



**It guarantees the exhaustive identification of risks and opportunities in every business and geographical area, in line with the structure defined in the TCFD recommendations.**



**Validation and alignment of climate scenarios**



**It includes the validation and updating of physical and transition sub-scenarios, as well as the main (physical and transition) climate variables.**



**Quantification by the business units of the climate risks and opportunities and final calculation of an aggregate climate Value@Risk**



**It envisages the quantification of the most relevant risks and opportunities for each business and geographical area (for example, with an impact on EBITDA over €1 M).**

### 1. Validation of the climate risk and opportunity taxonomy

The EDP Group has three specific climate risk and opportunity taxonomies, in line with the structure recommended by the TCFD, validated and regularly updated.

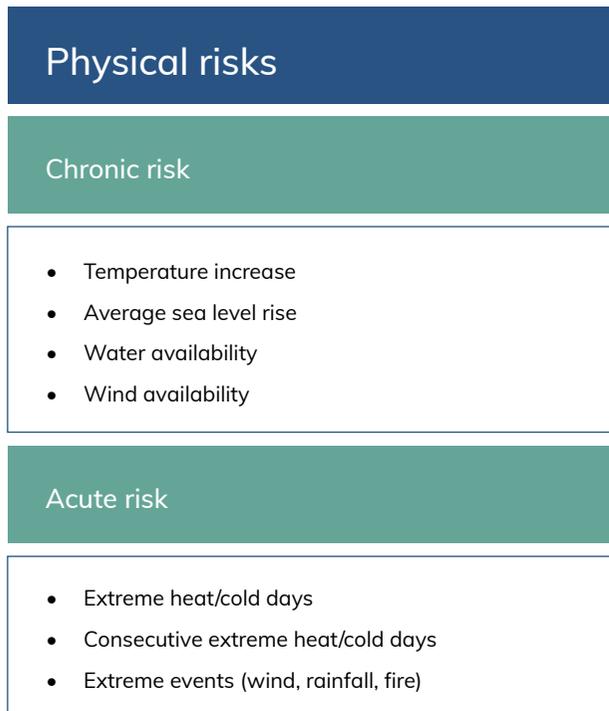
Climate taxonomy is aligned with corporate taxonomy, the climate risks present in various risk categories, that is, the physical risks that affect, on a business level, the energy market risks (renewable energy generation and production volume), and, on an operating level, the physical asset risks (damage, loss of efficiency, delays, etc.) In turn, transition

risks and opportunities have an impact on: 1) the risks of the context surrounding them (technology disruption and change of competitive paradigm), on a strategic level; 2) the relationship with stakeholders; 3) the energy market (raw materials, pool and demand) and regulation, on a business level; and 4) legal, compliance and ethical risks, on an operational level.

For this purpose, the aggregate scenarios used in the quantification of risks and opportunities by EDP are presented on the page below.

### 2. Validation and adjustment of climatic scenarios

In order to test climate change resilience, the EDP Group devised three different scenarios that include physical and transition scenarios. For each scenario, an exposure based on RCP (Representative Concentration Pathway) scenarios of the Intergovernmental Panel on Climate Change (IPCC) was created for the analysis of physical risks, as well as on International Energy Agency (IEA) scenarios. Likewise, some internal adjustments were made to adequately represent the EDP reality to analyse the transition risks.



## Physical scenarios



**IEA SDS**  
(with internal adjustments)  
**+ RCP 2.6**

- **Compliance with the Paris Agreement.**
- The energy system attains **carbon neutrality by 2070.**
- **Temperature increases between 1.5 °C and 2 °C.**
- The average sea level rises 0.4 m and ocean acidification starts to recover by 2050.

## Transition scenarios

- **Economic growth and job creation** linked to sustainable energy.
- Cleaner and more resilient **energy system.**
- **International cooperation** for sustainable development.
- Lower prices of fuels and renewable generation.
- **Very high price of CO<sub>2</sub>.**



**IEA STEPS**  
(with internal adjustments)  
**+ RCP 4.5**

- **The Paris Agreement is not met.**
- **Temperature increases between 2° C and 3 °C.**
- Extreme temperatures are increasingly frequent.
- Sea level rises 0.5 m and many species cannot adapt to it.

- In general, the announced policies are met.
- **Only policies to reduce the use of fossil fuels are adopted, but the demand is still high.**
- **The fuel prices rise and the renewable energies get cheaper,** with an average CO<sub>2</sub> price.



**IEA CP**  
(with internal adjustments)  
**+ RCP 8.5**

- **The Paris Agreement is not met.**
- **Temperature increases more than 3 °C.**
- Extreme events become increasingly frequent.
- There are major variations in rainfall.
- Sea level rises 0.7 m.

- **No additional efforts have been made for sustainable development.**
- **Policies limited to reduce fossil fuels and promote sustainable sources.**
- **High demand and high prices of fossil fuels.**
- **The fossil fuels and CO<sub>2</sub> emissions proportions do not change.**
- **The CO<sub>2</sub> price remains low.**

## 2.3. Strategy, goals and targets

### 2.3.1. EDP 2030 Ambition

The goal of EDP is leading the energy transition, creating higher value for the stakeholders. In order to achieve it, the 2030 Ambition strategy is based on these three pillars:

- **Accelerated and sustainable growth**, such as green, resistant and solid growth
- An **organisation prepared for the future**, global, agile, innovative and digitally-focused
- **ESG excellence** at the core of the strategy, along with leadership, positioning and return.

COMMITMENTS	STRATEGIC CORES	TARGETS	2025	2030	
ACCELERATED AND SUSTAINABLE GROWTH	Boost of green growth	CAPEX in energy transition <sup>1</sup> (billion €)	24	-	
		Increased capacity <sup>1</sup> (GW)	20	-	
		Asset rotation (billion €)	8	-	
		EBITDA (billion €)	4,7	-	
	Distinctive and resilient portfolio	FFO/Net debt <sup>2</sup> (%)	>20	-	
		Renewable generation (%)	85	100	
		Renewable hydrogen capacity (GW)	-	1,5	
	Solid balance sheet	Fleet electrification (%)	>40	100	
		Electric vehicle charging points (#)	>40,000	100,000	
		OPEX savings in comparable terms (€M)	100	-	
ORGANISATION READY FOR THE FUTURE	Global, agile and efficient	TOTEX in digitisation and innovation <sup>3</sup> (billion €)	2	-	
		Commitment to employees (top tier company)	✓	✓	
		Women (%)	30	35	
	Talented people with decision-making abilities	Frequency rate (accidents) <sup>4</sup>	1.55	<1.00	
		Women in leading positions (%)	30	35	
		Senior management <sup>5</sup> remuneration linked to equity and ESG	✓	✓	
		Cybersecurity (rating) <sup>6</sup>	Advanced <sup>7</sup>	Advanced <sup>7</sup>	
	ESG EXCELLENCE AND APPEALING RETURNS	ESG benchmarks	Carbon free	✓	✓
			Carbon neutral	-	✓
		Positioning: green leadership	Net income (billion €)	1.2	-
Minimum dividend (€/share)			0.19	-	
Income aligned with the European taxonomy (%)			70	>80	
High profitability		1- and 2-scope emissions (gCO <sub>2</sub> /kWh)	100	0	
		Total waste (k tons)	118	30	
Social investment aligned with social SDGs (€M) <sup>7</sup>	50	100			
Top quartile in ESG <sup>8</sup> assessment indices	✓	✓			

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

In the ESG excellence section, there are three key commitments, such as the very leadership of the energy transition, with a clear commitment to the protection of the environment, to a positive impact on society and a strong governance structure. **#ChangingTomorrowNow** is the motto that guides this strategy.

Thus, we aspire to climate positivity through two major milestones. The first one is to stop using coal in our operations by 2025, with a marked acceleration in renewable energies; and the second one is to get ahead of the carbon neutrality goal by two decades with respect to the Paris Agreement, with a 100% renewable production, offsetting emissions, managing climate risks and applying adjustment plans to all the Platforms to strengthen their resilience.

Likewise, we aim to boost environmental development through asset and process circularity, ensuring decision making under circular economy criteria, minimising waste and maximising reusing, with a responsible management of water consumption and use. Furthermore, we seek to acknowledge the value of nature and its limits, keeping the commitment to protect, restore and promote the sustainable use of land ecosystems and biodiversity, with a No Net Loss goal for 2030 in all the projects.

## Aspiring to climate positivity...

Stop operating with coal by 2025, with a marked acceleration in renewable energies.

Get ahead of the carbon neutrality goal by two decades by 2030, way before the Paris Agreement.

Aspiring to climate positivity and managing climate risk.

Implementing adjustment plans in all the business units to further mitigate climate risk and strengthen resilience.



**'Hectárea Zero' project:** first project implementing the Climate Change Adaptation Plan of EDP España.

## ...accelerating circularity...

Making decisions throughout the company under circular economy principles, minimising waste and maximising reuse.

Responsibly managing water consumption and use, maximising its value.



**Circumetric:** EDP España tool to measure circularity in projects.

## ...and improving natural capital

Acknowledging the value of nature and its limits and, in line with United Nations, maintain the commitment to protect, restore and promote the sustainable use of land ecosystems and biodiversity.

Establishing a No Net Loss goal for 2030 in all our new projects. We commit to mitigate our impacts on biodiversity with the goal of being positive in net terms.



**'Life Stop Cortaderia' project:** elimination of Cortaderia selloana in the areas of the substations in Cantabria.

All of this in addition to the values and principles of a just transition, boosting a positive impact on society.

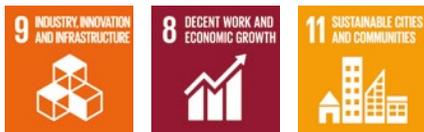
## Guaranteeing a just transition...

To overcome the economic and social cost of climate transition in the regions most affected by the technology change and digitisation, EDP commits to:

- Mobilise investment in renewable energies for the regions affected by the closure of coal power plans and support relocation and vocational training programmes, as well as the creation of sustainable companies in the affected regions.
- Accelerate investment and innovation in energy transition and new technologies (such as electric mobility and hydrogen), generating economic growth and job opportunities.

## ... positively impacting on society

- Foster the adaptation and transformation of our stakeholders, in particular, our suppliers, by implementing policies aimed at a sustainable value chain.
- Be a driving force behind a positive change in our society.



ENTAMA programme: local entrepreneurship programme, awarded with the Go!ODS prize for its impact on SDG 11.

The strategic plan is thus organised around 12 objectives to foster sustainability.



**LEADING THE ENERGY TRANSITION**



**COMMITTED TO THE PROTECTION OF THE ENVIRONMENT**



**...WITH A POSITIVE IMPACT ON SOCIETY**



**...AND A SOLID GOVERNANCE STRUCTURE**

1

**CLEAN GENERATION**

Decarbonise generation, achieving carbon neutrality and offsetting residual CO<sub>2</sub> emissions

5

**CIRCULAR ECONOMY**

Accelerate circularity of our assets and business models, with a particular emphasis on water management

8

**DIVERSITY AND WELL-BEING**

Provide a fair and safe workplace at EDP and be based on strong principles of Diversity and Inclusion

11

**ETHICAL BEHAVIOUR**

Continue to promote a strong ethical culture internalised in all principles and internal policies

2

**SUSTAINABLE CONSUMPTION**

Decarbonise consumption and promote low-carbon and energy-efficient products and services

6

**NATURAL CAPITAL**

Assess and integrate natural capital into our decision-making processes, having biodiversity protection as a main driver

9

**SUSTAINABLE VALUE CHAIN**

Apply decarbonisation, gender equality and reporting criteria in the selection of materials and services and in the choice of suppliers

12

**ESG GOVERNANCE STRUCTURE**

Clearer relation of variable compensation to ESG standards and shareholder value, and better practices in remuneration policy

3

**INNOVATION AND DIGITAL TRANSFORMATION**

Strengthen the focus on four innovation pillars: cleaner energy, smarter grids, storage and flexibility and client solutions, enhanced by a strong digital culture

7

**ADAPTATION AND RESILIENCE**

Mitigate climate risks and reinforce EDP's resilience to medium- and long-term climate effects

10

**INCLUSIVE COMMUNITIES**

Contribute to a better society and the development of local communities through continuous social investment

4

**JUST TRANSITION**

Promote a just transition by mobilising renewable energy investments in coal phase-out regions and support workers and communities in a sustainable and economically inclusive way



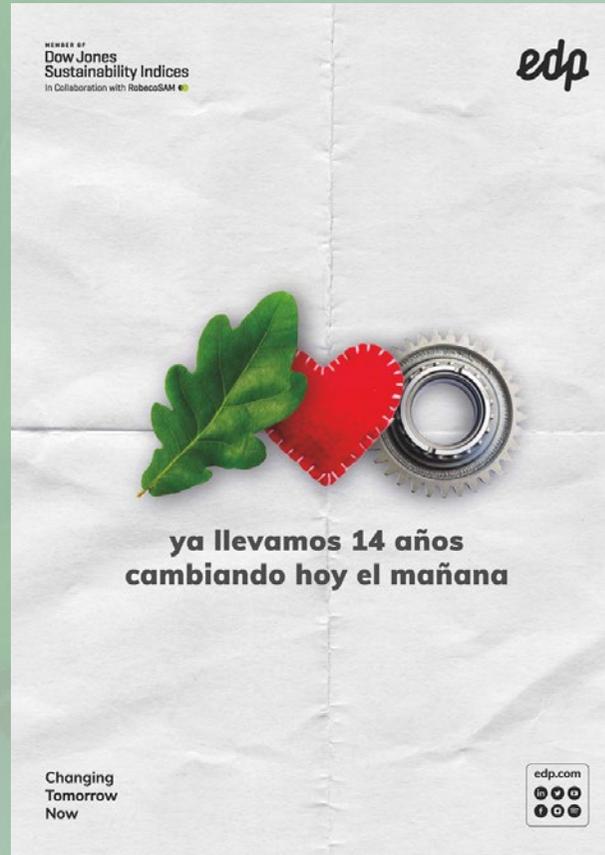
## EDP, the most sustainable utility in the world

EDP has been recognised by the Dow Jones Sustainability Index (DJSI) as the best energy company that develops the best sustainability practices in the world, **ranking first on this index among the 103 assessed enterprises**. Furthermore, the company stands out because it has been included in this world reference index for 14 consecutive years.

With a final score of 91 points (out of 100), three more than in 2020, **EDP has obtained the best result since it entered the index in 2008**.

Among the 27 assessed criteria, EDP has obtained the maximum score in eight of them: risk and crisis management; materiality; environmental information; social information; influence on public policies; citizenship; risks related to water and market opportunities. In the two latter criteria, EDP has also received the 'Best in Class' recognition.

In this year's series, which invited 3,559 companies of the S&P Global Broad Market Index to actively participate, 322 companies have been selected to integrate the world DJSI, including EDP. In this group, there are 13 utilities, 7 of which are electricity companies. On a European level, the DJSI Europe has selected 147 companies, which include 5 electricity companies, including EDP.



This recognition reveals EDP's commitment to good sustainability practices in their different dimensions and the positive impact they generate, not only regarding their operation, but also in the different economic and social areas. As leader of the energy transition, EDP is in line with sustainable development and fight against climate change – essential practices to guarantee the protection of the environment and value creation.

The Dow Jones Sustainability index is one of the world reference indices on sustainability matters. It was created in 1999 as the first reference non-financial performance index for listed companies around the world. In addition to the economic and financial indicators, this index assesses criteria such as transparency, corporate governance, risk management, relationships with the different stakeholders, and social and environmental responsibility, among other ESG aspects.

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



[CLICK HERE TO GO TO WEBSITE](#)

## 2.3.2. Materiality

EDP's materiality analysis process is developed, since 2016, using a cross-cutting methodology common to the entire Group.

A Materiality Study is conducted on a yearly basis in order to identify the most relevant aspects for all the stakeholders, including both positive and negative aspects, either current or in the medium or long term. The main stages of this materiality process are described below.

### STAGE 1

#### Updating of the material topics

Based on cross-cutting sources and material topics from the previous year.

### STAGE 2

#### Prioritisation of the relevant topics for the society

##### Identification of relevant topics for each stakeholder

- Direct sources (direct listening)
- Indirect sources (public information)
- Cross-cutting sources (indices and studies)

### STAGE 3

#### Prioritisation of the relevant topics for the business

##### Identification of relevant topics for the business

Through the analysis of:

- Strategic business goals
- Business plans of the strategic areas
- Risk and opportunity management policies and reports
- Interviews with the Management

This direct or indirect engagement of the stakeholders by analysing and listening to their needs and expectations not only proves a transparent management, but it also allows to identify and prioritise the aspects on which the management will be based, both regarding risk management under the precautionary principle and identification of threats and opportunities.

### STAGE 4

#### Preparation of the materiality matrix

Intersection of relevant topics for Society v Business  
Preparation of the Materiality Matrix

### STAGE 5

#### Analysis of critical and sensitive topics

##### Analysis of the results for the following purposes:

- Definition/updating of the sustainability strategy
- Critical topics – Effective management
- Sensitive topics – Action plans

EDP methodological approach to define materiality takes into account the concept of double materiality, as defined by the GRI standards. This reflects the importance given by the Group to the relevant topics of society, which takes into account their impact on the stakeholders.

In 2021, 21 categories were identified and divided into 60 topics. In view of this, and once the process has been performed, the results of the materiality study for EDP Redes España are detailed below.

## 1- Most relevant categories for the stakeholders (relevance for society)



### ECONOMIC COMMITMENT

- Crisis management (91%)
- Energy infrastructures (86%)
- Digital transformation (82%)
- Sustainable mobility (79%)
- Corporate governance (71%)
- Innovation and research (71%)
- Business ethics (67%)
- Business sustainability (57%)
- Socially responsible investment (57%)
- Supplier management (57%)

### ENVIRONMENTAL COMMITMENT

- Climatic changes (93%)
- Environmental management (89%)
- Renewable energy promotion (79%)
- Energy efficiency (71%)

### SOCIAL COMMITMENT

- Human and labour rights (93%)
- Vulnerable customers (86%)
- Engagement with local communities (83%)
- Communication and transparency (82%)
- Customer satisfaction and service (75%)
- People management (75%)
- Safety (70%)

%: Relevance level

## 2- Most relevant categories for EDP Redes España (relevance for the business)



### ECONOMIC COMMITMENT

- Sustainable mobility (80%)
- Supplier management (79%)
- Digital transformation (69%)
- Energy infrastructures (66%)
- Crisis management (64%)
- Innovation and research (63%)
- Business sustainability (55%)
- Socially responsible investment (48%)
- Business ethics (25%)
- Corporate governance (23%)

### ENVIRONMENTAL COMMITMENT

- Climatic changes (98%)
- Environmental management (71%)
- Energy efficiency (53%)
- Renewable energy promotion (15%)

### SOCIAL COMMITMENT

- Safety (68%)
- Engagement with local communities (67%)
- People management (50%)
- Human and labour rights (48%)
- Communication and transparency (39%)
- Customer satisfaction and service (36%)
- Vulnerable customers (15%)

%: Relevance level

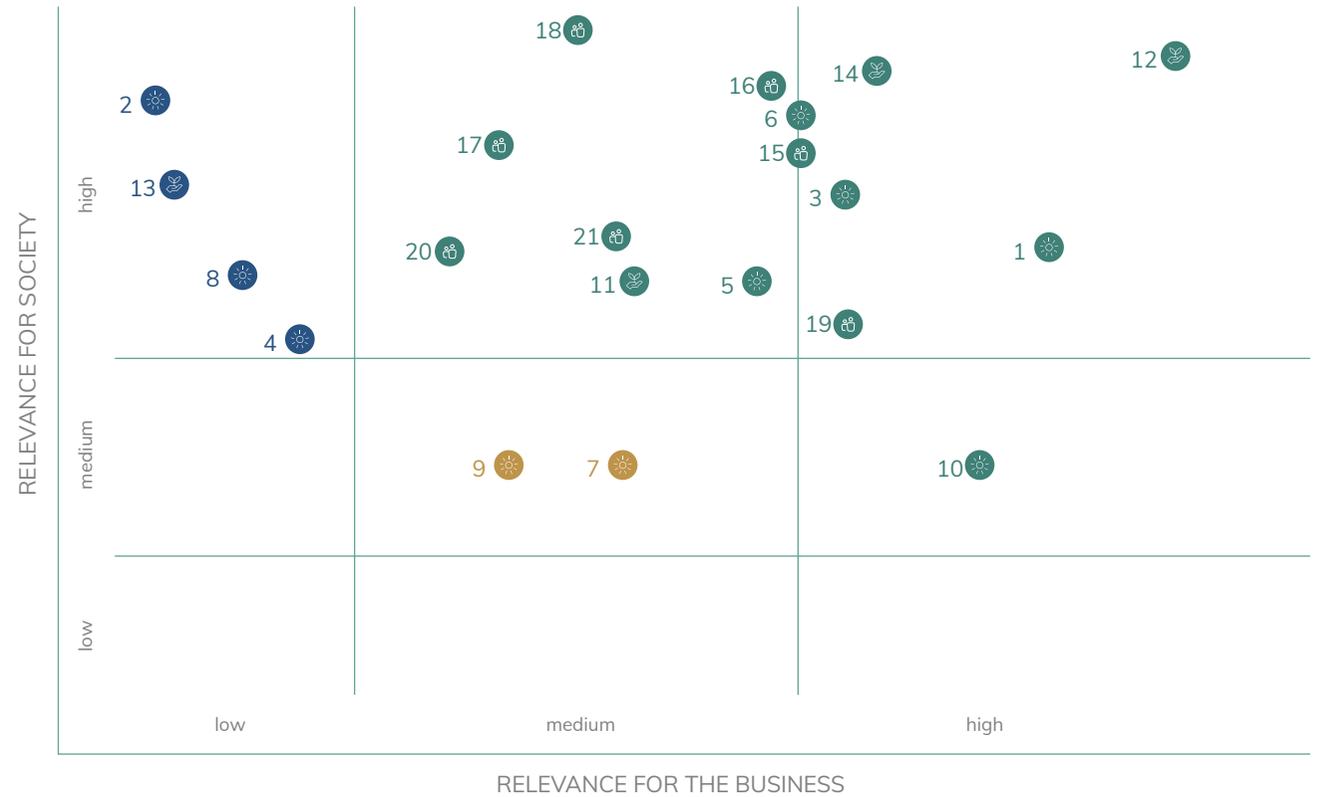
The materiality matrix prepared in the last quarter of 2021 is the following:

**MATERIALITY REPORT**

1. Sustainable mobility
2. Vulnerable customers
3. Digital transformation
4. Business ethics
5. Innovation and research
6. Energy infrastructures
7. Economic sustainability of the business
8. Corporate governance
9. Socially responsible investment
10. Supplier management
11. Energy efficiency
12. Climatic changes
13. Renewable energy promotion
14. Environmental management
15. Engagement with local communities
16. Crisis management
17. Communication and transparency
18. Human rights
19. Safety
20. Customer satisfaction and service
21. People management

The matrix is obtained from the analysis of external relevance (relevance for society) and internal (relevance for the business).

The matrix shown below is divided into 9 sections that represent the materiality level in each category.



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

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

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

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

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

Additionally, in this study, emerging topics have been identified, that is, topics that the stakeholders start to emphasise and which do not reach yet a relevant management level in the company, and can be thus a source of risks and opportunities.

The following have been identified as emerging topics in this latest report:

**ENERGY DEMAND MANAGEMENT**

**ENERGY STORAGE**

**ROBOTICS/AI/AUTOMATION**

**GREEN HYDROGEN**  
concerning the needs that may exist in the distribution infrastructures

**SHARED SELF-CONSUMPTION**

**INCLUSIVE ORGANISATION ATTENTIVE TO DIVERSE REALITIES**

**BIODIVERSITY PROTECTION: COP26**

### 2.3.3.EDP España 2021-2025 Sustainability Plan

After the approval and public launch of the Strategic Plan of the EDP Group, 2030 ESG Ambition – The decade of the decisive action, taking into account EDP Redes España business plan and the results of the materiality study, an EDP Redes España 2021-2025 Sustainability Plan has been presented and approved by the Board on 28 June 2021.

This plan, named Beyond, implements the 12 strategic objectives of the Group in the Platforms and corporate divisions of EDP España, through **Business** initiatives that must be executed by the business and that contribute to achieving the Group's ESG goals; **Boost** initiatives, as business and DASIC initiatives, as the driver and necessary support for the joint development of the initiative prior to its final integration into the business as BaU; and finally, **Beyond** initiatives, as innovative initiatives fully promoted and executed by the DASIC, addressing both material and emerging topics.

The Sustainability Plan has been jointly prepared between the platforms and corporate divisions of EDP España for jointly establishing the goals and objectives according to the respective business plans.

Taking into account EDP 12 sustainability objectives and the emerging topics in Spain, the Sustainability Plan is finally made up of 30 initiatives that are grouped according to ESG criteria:



- 3 Clean generation
- 2 Sustainable consumption
- 4 Innovation and digital transformation

- 1 Circular economy
- 2 Natural capital
- 1 Adaptation and resilience



- 5 Diversity and well-being
- 4 Sustainable business partners
- 3 Inclusive society

- 1 Ethical behaviour
- 4 Recognition of sustainability



30 initiatives

In the face of the global challenge of 2030 Agenda and the Sustainable Development Goals, EDP wants to be part of the solution and this is evidenced by the ambitious 2021-2025 Sustainability Plan.

Our main challenge is reaching carbon neutrality by 2030, with a 100% renewable production, mitigating risks and defining a very ambitious adaptation plan. Along with this challenge, circular economy must be present in all the processes, as well as biodiversity protection and enhancement of natural capital as a whole, seeking a positive impact on society, committing to inclusive communities and responsible consumption. All of it on the basis of a solid governance structure and a transparency commitment to the stakeholders, thus proving our ESG excellence.

**Yolanda Fernández Montes**  
Environment, Sustainability, Innovation and Climate Change

The Sustainability Plan is annually updated taking into account the materiality analysis of the financial year, emerging topics, ESG risks and opportunities, and business plans. A quarterly ESG report has been established for each platform in order to monitor it.



#SomosFuturoSomosEDP

## EDP Redes España 2021-2025 ESG action plan

CROSS-CUTTING GOALS EDP Redes España

COMMITMENTS	STRATEGIC CORES	ACTIVITIES	2025
LEADING THE ENERGY TRANSITION	ESG benchmarks	Reduction in emission intensity (Scope 1 and 2) vs 2015 (CO <sub>2eq</sub> )	≈ 70%
		Reduction in scope-3 emissions vs 2015	≈ 30%
	Sustainable consumption	Offsetting of (Scope 1 and 2) emissions from 2021	25 kt
		Emission reduction in the value chain vs 2015	-10%
Innovative and digitally-driven	Electrification of the Fleet (%)	> 40%	
	Customer satisfaction	> 75%	
COMMITTED TO THE PROTECTION OF THE ENVIRONMENT	Circular economy	R&D&I investment and digital transformation (€M)	21
		Natural capital	
	Adaptation and resilience	Reduction in total waste and recovery of waste vs 2015 (%)	-85% /
		Implementation of action plans in activities involving biodiversity risks (%)	100%
ORGANISATION READY FOR THE FUTURE	Talented and skilled people	Internalising natural capital in the decision-making processes	100%
		Action plans implemented and spread in each BU	100%
		Women (%)	30%
	Sustainable employees	Women in leadership positions (%)	30%
		Fatal accidents	0
		Frequency rate (accidents) <sup>1</sup>	1.55
Inclusive communities	Procurement volume with ESG criteria	40%	
	Ratio of suppliers subject to ESG criteria vs total suppliers	100%	
ESG EXCELLENCE	Solid ESG governance	Social investment aligned with social SDGs	√
		Top quartile in ESG <sup>9</sup> assessment indices	√

<sup>1</sup> Number of accidents per million worked hours (including employees and contractors).

<sup>2</sup> GRESB and contribution to Group indices, such as DJSI, FTSE4Good, MSCI and Sustainalytics.

2021 was a year of challenges, successes and new relationships. Challenges posed by the task of integrating two organisationally and culturally different companies in a complex context due to the pandemic; successes, because we overcame the challenge of complying with a demanding Business Plan, guaranteeing results, the improvement of our services and the safety of our people.

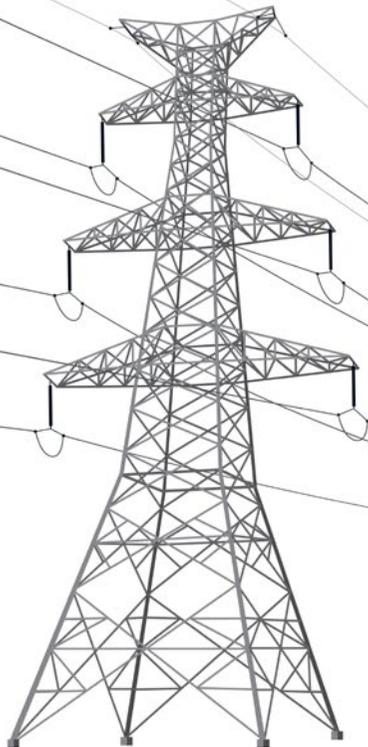
Above all, I would like to highlight the new relationships that have been established with stakeholders, teams, customers, investors, collaborating companies and society in general. Working together with all of them has been essential to achieve excellence in ESG performance.

**Joao Gouveia Carvalho**  
CFO (Chief Financial Officer)

### 2.3.4. Commitment to excellence

EDP Redes España is present in many sustainability indices, task forces, observatories and initiatives in general with the aim of improving the Group's position in sustainability. This way, it makes visible the best practices implemented in essential sustainability matters, while it monitors trends, emerging topics and practices of other stakeholders to conduct a subsequent benchmarking and an internally applicable analysis.

In this aspect, we have participated in initiatives, working sessions and forums with our stakeholders, among which the following stand out, in a non-exhaustive way:



#### GRESB

Specifically, EDP Redes España currently participates in the ESG assessment index for infrastructure assets (GRESB) through the company Viesgo, which has been recognised for its environmental, social and good governance performance in the September 2021 assessment related to year 2020.

Thus, Viesgo ranks fourth in the GRESB index, which places it within the top quintile of infrastructures companies around the world. It has obtained 93 points out of the 100 possible points.

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

It is worthy of note that it has reached the first position among all the distribution companies in performance/performance management. In key sections such as health and safety, environment and biodiversity or employees and customers, it has obtained the maximum score possible, 100 out of 100. This outstanding place in the ranking encourages us to keep working for an increasingly sustainable world, and it also evidences a growing interest by companies all over the world in models in which the ESG

(environmental, social and governance) factors are increasingly important in the decision-making process.

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

- a. Environmental footprint of the asset: energy efficiency actions and measures taken to monitor and decrease the environmental footprint of the asset.
- b. Direct social impact: relationship and impact of the entity on its stakeholders and direct impact of its activities on society.
- c. Sustainability governance: sustainability policies, procedures and approach, on an entity or organisational level.

Furthermore, it assesses other aspects such as the commitment to stakeholders, policies, risks and opportunities, management, management of indicators and certifications, etc.

For the GRESB 2022 infrastructure asset assessment, it is planned to extend the candidacy to the all the distribution companies integrated in EDP Redes España.



## Spanish Network of the Global Compact



EDP España has been a signatory to the Global Compact since its beginning in year 2004, and EDP Redes España has been a signatory since 2020, after Viesgo's adhesion. From both companies, we have been collaborating in different initiatives of the Spanish Network. In year 2021, we highlight the following collaborative actions:

- Validation of EDP Redes España Sustainability Report as a Progress Report and its publishing on the Spanish Network of the Global Compact website and on the UN Global Compact website.
- Publishing of the ESG good practices of EDP España.
- Collaboration in the campaign #apoyamoslosODS.
- Participation in the publication 'SDG Year 6. 2030 Agenda from a sectoral approach' and attendance to the event celebrating the 6th anniversary of 2030 Agenda (25 September).
- Publication of an editorial on the Global Compact website: 'Energy transition: a renewable and circular path'.

## forética

2021, it was completed EDP España adherence 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 CSR Council (CERSE) in Spain.

Among the most outstanding interventions of EDP España in Forética, we can mention its participation in the Circular Economy Task Force and its attendance to the work sessions of the Transparency, Good Governance and Integrity, Climate Change and Social Impact clusters, where it is expected to have a more active role in following years.

## CEOE

Joining the CSR Committee and participating in committees to increase the possibilities of attending the meetings:

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

Igualmente, se participa en sesiones públicas de la organización, como el evento "La economía que seremos, preparados para el cambio", organizada por CEOE-CEPYME en Torrelavega (Cantabria).

## aeléc

Participation together with Aeléc (Spanish Association of Electricity Companies) in the dissemination, spreading and promotion of the aspects related to energy transition and the digital transformation of the electricity sector in Spain sector in its entire value chain.





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 2021, the following stood out:

- Participation in three Expert Groups: group of Experts in CSR, and Operation and Lean Expert Group.
- Participation in the study 'Analysis of the integration of social responsibility in the strategic management of Asturian organisations', prepared by the Cátedra Asturias Prevención.
- Participation in the virtual business conference 'Towards 2030 Agenda: Good CSR practices in the Asturian company'.
- Participation in the 'Guide for the preparation of a Safe and Healthy Teleworking Plan' promoted by the Asturian Institute for Occupational Health and Safety of the Principality of Asturias.
- Participation in the Asturias and 2030 Agenda programme promoted by the Directorate for Citizen Engagement and 2030 Agenda of the Principality of Asturias: publishing of presentations on YouTube for public dissemination.

### CSR commitment

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

### Corresponsables

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

### CODESPA Foundation and Enterprise Observatory for Inclusive Growth

Participation in the 2<sup>nd</sup> Experts' Workshop of the Observatory for Inclusive Growth and promotion of the Entama programme.

### COGERSA



Collaboration in the European Week for Waste Reduction (EWWR). The EWWR is an initiative of the European Commission coordinated in Asturias by COGERSA. EDP España uninterruptedly participates in the annual series of this initiative, which is already in its 12th year, not only

by fostering the waste reduction principles promoted on a European level, but also by enhancing the initiatives of the EDP Group as regards circular economy.

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

### COTEÇ

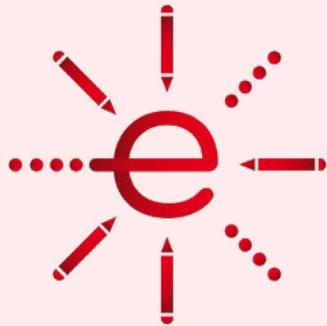
The Cotec Foundation for innovation is a private non-profit organisation whose goal is promoting innovation as an economic and social development driving force.

EDP España actively participates in the Economy and Talent Committees.

In 2021, we have participated in the 14th COTEÇ Europe Summit, under the motto 'Transition towards intangible economy in Europe', with the participation of the Heads of State of Spain, Portugal and Italy.

## Collaboration with universities

- Running of the 3rd Electricity Sector Seminar – EDP in the Polytechnical Engineering College of Gijón of the University of Oviedo. This year, the now 100% digital seminar has also included students from other Engineering Colleges, such as the Universidad Politécnica de Madrid and the Higher Technical School of Engineering of the Universidad de Comillas (ICA), with more than 100 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.
- Participation in the Master's Degree in Lean and 6 Sigma Operation Management, taught by the Instituto Universitario de la Empresa of the University of Oviedo.
- Masterclass about Stakeholder Management in the Social Labour College of the Universidad Laboral de Gijón.



# UIMP

Universidad Internacional Menéndez Pelayo

EDP España has promoted and coordinated the summer course 'ESG strategy at the core of energy transformation. A decisive decade' of the International University Menéndez Pelayo (UIMP).

The course involved the participation of the EDP España CEO, Rui Teixeira, the president of the regional Government of Cantabria, Miguel Ángel Revilla, the mayor of Santander, Gema Igual Ortiz, the regional minister of Industry, Tourism, Innovation, Transport and Trade of the Government of Cantabria, Javier López Marcano, and the General Director for Energy Policy and Mining of the Ministry for the Ecological Transition and the Demographic Challenge, Manuel García.

In five thematic round tables, numerous national and international experts of the sector discussed about the most relevant aspects of the current energy transformation context and its environmental, social and governance implications in organisations. The round tables were the following:

- Climate neutrality and adaptation
- Decarbonising with circular economy
- The value of natural capital for companies
- Innovation for transformation
- Society in a decisive decade



### 2.3.5. Continuous improvement

Lean has been the strategic programme for continuous improvement of the EDP Group since year 2006, when the first team was launched in the thermal power plant of Soto, and progressively, the rest of Generation premises, the Distribution area and Retail have been incorporated.

Lean keys in EDP España are five: people, initiatives, adaptation, communication and innovation. Lean is a programme focused on people, since they play a main role in continuous improvement, by identifying problems and opportunities, as well as designing and implementing the improvement initiatives to meet these needs.

This way, people and teams work on the improvement of their daily tasks, making Lean the sum of small improvements that, overall, produce major results. Those improvements are in the efficiency, availability, environment, health and safety management, and stakeholder relationship areas, while they also involve cross-cutting impacts on the organisation and people, such as on the organisation efficiency, the response and adaptation capacity, motivation and working environment, among other aspects.

During 2021, we have worked on adapting the Lean programme to the new management carried out by Platforms.

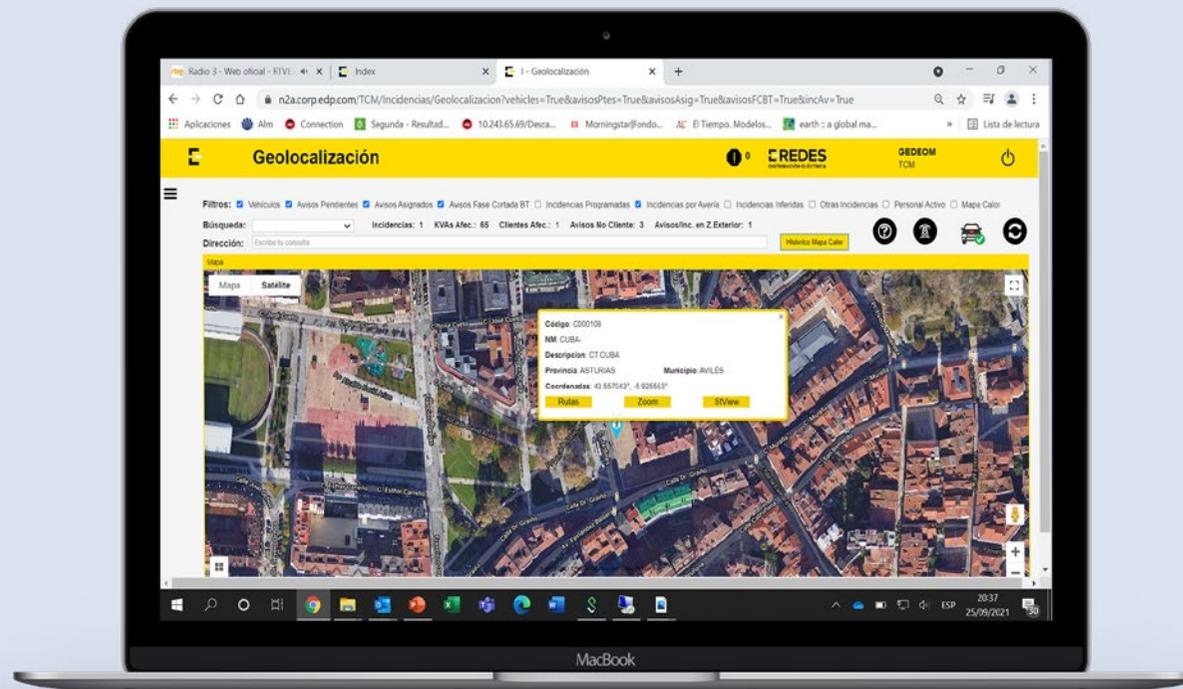
In the Grid Platform, the company has worked on the integration of Viesgo into the Lean programme, focusing on one single Lean coordination team structured in two groups: Grid Exploitation and Development, Customers and Digital transformation.

Some of the initiatives worked on during the year are:

#### Incorporation of Viesgo's assets into the geolocation tools of E-Redes for the area of Mieres (Asturias)

We have proceeded to integrate Viesgo's equipment of the Mieres area into E-Redes central area in Asturias, for which it has been necessary to integrate the assets into E-Redes' geolocation and navigation tools, allowing to carry out the work and, especially, the manoeuvres in the grid, in a way that is:

- Quicker and more efficient, decreasing the times to access the premises.
- Safer, avoiding mistakes in the premises location that may lead to erroneous manoeuvres.



## Use of new tools with BIM technology for new substation projects

Building Information Modelling is the process of generating and managing data using real-time, three-dimensional dynamic modelling software. This process produces an information model for a project or for works that encompasses geometry, spatial relationships, geographic information, as well as quantities and properties of work components.

The advantages offered by this technology include:

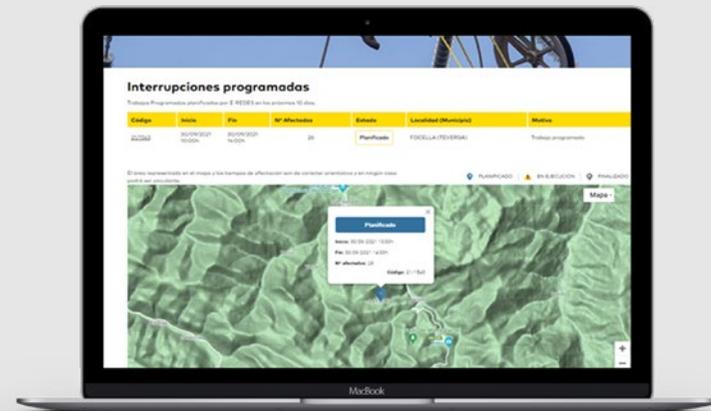
- Collaborative work: The whole team can access the most up-to-date and relevant information.
- Errors and inconsistencies are detected in the design phase.
- Simulations make it possible to optimise the operation of the work, and to determine execution, maintenance, and even energy costs.
- A higher quality project and, consequently, higher-quality works.



## Sending of SMS and notifications on Mis Consumos website

Improvement and automation of notifications about power cuts due to maintenance works in the grid or outages according to:

- Information on the website [www.eredesdistribucion.es](http://www.eredesdistribucion.es)
- Individual notification in the Customer Private Area
- Individual notification via SMS



## Automated meter programming. Change of rates and power

In view of the legal requirement to reprogramme all the No Prime metering equipment installed in the field in the E-Redes Distribution Area, a robot or RPA (Robotic Process Automation) was programmed using UiPath technology, which allowed to meet in due time and form the legal requirements on rate reprogramming, which would have been otherwise impossible in a manual process.

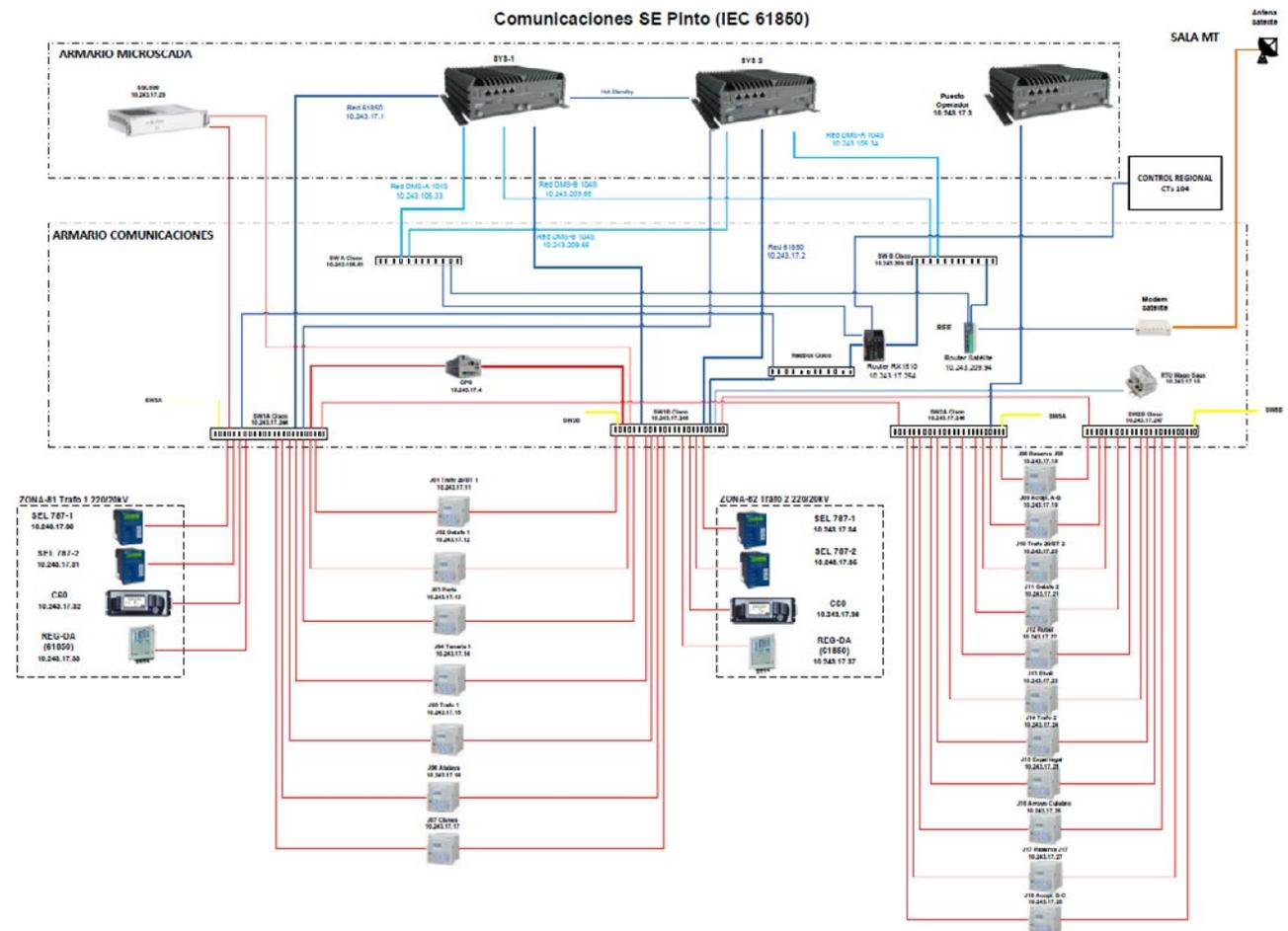
This same robot was subsequently used again for works in the Viesgo Group.



## New centralised protection philosophy for MV: SSC600

E-Redes is a pioneer in the use of this type of solutions, being the first in the world to use interlocks between medium voltage installations via the IEC61850 protocol for accelerated protection, which allows:

- Better and more efficient management of protections.
- New protections such as actual busbar differential.
- Interlocking between installations with the consequent reduction in tripping time.
- Adaptation to possible future solutions or philosophies given the potential of the implemented solution.



## Lean Office

Lean Office (DASIC-EDP España) has coordinated during the year different cross-cutting activities and initiatives, which are detailed, in a non-exhaustive way, below:

- Lean training and awareness actions, aimed at all the and EDP España employees, especially at Viesgo staff to get them involved in the programme.
- **#SomosLeanSomosEDP:** publication of fact sheets and contents about improvement tools that have been distributed to all the parties involved through the Lean SharePoint and on social media. These contents highlight different Lean tools and how they can be applied in the daily work of EDP España teams to pinpoint problems and work on solutions in a structured way, as well as to identify opportunities and implement them nimbly.
- **Lean O<sub>2</sub>:** continuous improvement programme involving the participation of the trainees who, during 2020-2021, have taken their work placement at EDP España. Along with the pinpointing of problems and opportunities for improvement in their different work areas, analysed and escalated to the corresponding functional Lean teams, the company has worked under the Agile methodology in the Digital Grandchild challenge, an initiative that sought to validate business options that allowed to fight the digital divide in elderly people.





# GREEN

Giving energy transition  
the right color.

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## 3.1. Leading the energy transition

The year 2021 has been the first year for EDP Redes España, integrating the EDP Group's distribution companies in Spain. This year has been marked by the Vega project, a platform for getting to know the teams and analysing initiatives, seeking convergence and efficiency in processes. The results have been very good, surpassing the objectives set at the beginning. In terms of safety, we have managed to significantly improve the results achieved in 2020, and we have launched a Safety Excellence Plan that will materialise in 2022. In terms of supply quality, we remain the national operator with the best figures for equivalent interruption time related to the installed power and the number of interruptions equivalent to installed power at medium voltage (TIEPI and NIEPI). Lastly, the investment figure achieved is worth mentioning, as it exceeds the previous year's figure by 20%.

We approach 2022 with several main objectives. Prevention as a core priority in all operations, and we must continue to make progress with the projects underway. People are our main asset. Therefore, we must establish a motivating action plan to improve the results of the Climate Survey. We must build on the results of the Vega programme, which is essential to achieving the objectives set out in our business plan. We have new, more ambitious investment targets, increased by the Royal Decree on the digitisation of distribution networks. We started the development of the Systems Plan, which is essential to achieve synergies in operations and simplify processes. To address these goals, focused on the challenges of the energy transition, the digital transformation plays an important role in data management and innovation, adding value to the business.

Lastly, I would like to thank the entire team for their effort and commitment, which is key to achieving our goals in 2021 and the challenges set for 2022.

**Juan Miguel Sánchez Alcántara**  
Operations Division

### 3.1.1. Smart grids for the energy transition

EDP Redes España, the electricity distribution company of the EDP Group created after the acquisition and integration of the Viesgo Group (Viesgo and BEGASA), stands out as the leading company in security and quality of supply, fruit of the investment mainly made in the digitisation of the grid to attain a truly smart grid and operational efficiency, structured through the Vega project.

### Security and quality of supply

Security and quality of supply are the key aspects vis-à-vis customers. The equivalent interruption time related to the installed power (TIEPI) of EDP Redes España in year 2021 maintains its leading position in the historical series, with 20.5 minutes, reflecting the high level of the quality of supply.

2021	VIESGO	E-REDES	EDP REDES ESPAÑA
TIEPI (min)	26.1	13.5	20.3
NIEPI (#)	0.538	0.4	0.478
LV SAIDI (min)	29.4	14.3	22.2
MV SAIDI (min)	nd	31.1	nd
LV SAIFI (#)	0.576	0.443	0.513
MV SAIFI (#)	nd	0.604	nd

While extreme weather events classified as 'force majeure' have no implications for the calculation of equivalent interruption time related to the installed power (TIEPI), adverse weather conditions have a major impact on the security and continuity of supply.

In this regard, anticipation and preventive planning are key. As an example, in the face of storms Bella and Filomena, EDP Redes España mobilised over 200 people in the field, which, together with the good maintenance of the networks, reduced incidents to a minimum.

Prior to the storms, stand-by systems and the customer service centre were strengthened, and the actions of the collaborating companies were coordinated to guarantee the swiftest response possible. Lastly, intensive work was carried out for several days at the control centres and in the field, using tracked vehicles, snowmobiles, and other vehicles suitable for driving in icy and snowy conditions.

In addition, the level of customer satisfaction is measured on the basis of the NPS (Net Promoter Score) index, which evaluates how likely customers would be to recommend the company on a scale of 0 to 10, with the data being collected through a simple survey. The overall service rating in 2021 reaches 16.8%.

In 2021, we have reviewed customer treatment procedures in the different regions and companies of the EDP Group as regards the distribution activity. We have also studied the best practices of comparable companies (European utilities, insurance and telecommunications companies), detecting the current best practices. We have thereby established an improvement plan to be implemented throughout 2022.

Jesús Fernández López  
Customers and Access Management



## Investment

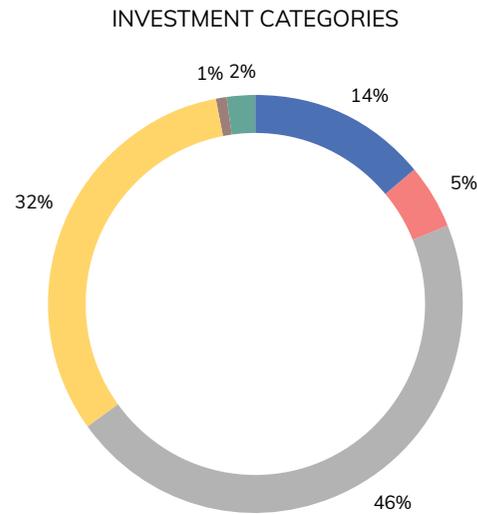
The investment made during year 2021 surpassed 126 million euros, fruit of an ambitious medium-term strategic plan of the company, which has been allocated 787.2 million euros for the 2021-2025 period.

According to the strategic purpose of investments, these are divided into:

- **Electrification and decarbonisation:** These are the investments in new grid capacity, including new customers/connections, new power lines, reinforcements and additional capacity of transformers.
- **Resilience and environment:** These include the investments related to the improvement in the quality of the service and the environment. For example, new connections among lines, transformers and mobile substations, and conductor reinforcement.
- **Revamping:** These are the investments in the renovation and revamping of assets, as well as in the replacement of obsolete assets (for example, assets that have reached the end of their useful life, obsolete technology or grid voltage harmonisation).
- **Digital transformation:** These are the investments made in:
  - Automation of grids, communications and digitisation. Specific grid automation and monitoring projects.
  - Systems.
  - Smart meters, including remote-control meter programmes, metering equipment and systems.
- **Specific losses:** This category includes specific investments to reduce non-technical losses, such as metering, invest-

ments in tele-metering, investment in anti-theft wires, replacement of old or broken meters and other projects.

- **Support:** These are the investments related to the management of installations and others, such as equipment, fleet, etc.



- Electrification and decarbonisation
- Resilience and environment
- Revamping
- Digital transformation
- Specific losses
- Support

The digitisation of new processes and smart equipment shows the level of intelligence achieved in the grid, with InovGrid as the main project.

Among the major events and new areas related to InovGrid in 2021, it is worth highlighting the implementation of remotely managed supply records, whose main advantage is the reduction of response times, without the need to go to



Year 2021 has entailed a major effort derived from three lines of action: the integration of EDP Redes España, the efficiency increase, and the execution of an ambitious investment plan aimed at developing, digitising and revamping the grid. During 2021, more than €120 M have been invested, approximately half of which have been allocated to Electrification, Decarbonisation, Resilience, Environment and Digitisation.

In 2022, the investment in these items is expected to grow up to €94 M, out of a total of more than €160 M, which means a remarkable increase in the investment effort.

**Alberto Guerra Santiago**  
Business Development

the actual site of consumption. In the same field of remote operations, customers have the possibility of consulting instantaneous consumption levels on Mi Consumo website.

In the area of digitisation and process automation, a new application, Contadores (Meters), has been created to facilitate the reading, checking and programming of smart meters when they are not accessible remotely. The application

makes field work more flexible, simplifying operations and facilitating the management of available resources, while guaranteeing the reliability and security of the data for subsequent processing in the different systems.

A new platform for managing access and connection to distribution networks has also been included on the website to facilitate and standardise this type of management by renewable energy generators. The new platform has two main parts. The first is a map of available capacity in all our grid nodes so that promoters of this type of energy can easily and intuitively see where it is possible to connect their facilities. The second is a fully digital system in which to make requests and track the entire access and connection process.

We have continued with the Flash BT project for fast, accurate and real-time monitoring of the LV grid, which allows us to meet the challenges of efficiently electrifying the economy. With respect to data analysis, improvements have been achieved in both predicting and detecting faults in the distribution network and in reducing energy losses in the network and combating electricity fraud.

There will also be a massive deployment of Flash BT throughout 2022 in the Viesgo and BEGASA grids. Until now it was used on a residual basis, and it is planned to install more than 400 low voltage panels for advanced monitoring of transformer substations. This would mean about 10% of the transformer substations with advanced monitoring.

This way, with Flash BT, EDP Redes España 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).



## EDP Redes España is awarded a prize by E.DSO for the digitisation and active management of its grid

The digitisation of the electricity grid is key to addressing the energy transition. For the EDP Group, it is a strategic pillar that contributes decisively to one of its main lines of action, making grids more intelligent and flexible. This commitment by the company has been recognised in the first series of the awards organised by the European association, E.DSO, which includes the continent's main distributors.

EDP's proposal won first prize in the Grid Operation category. The company presented its commitment to grid digitisation and active management, called the ANM (Active Network Management) project, which consists of an integrated information ecosystem that uses the deployment of digital systems (ADMS, GIS, AML and Flash BT) with the most advanced and innovative technologies to monitor and manage grid operation, with a special focus on low voltage.



[CLICK HERE TO WATCH THE VIDEO](#)

In the revamping area, many works have been executed in 2021, as important actions that facilitate the exploitation of the grid, improve the quality of supply and allow to be more respectful towards the environment.

Some of them are highlighted for their relevance:

## Galicia

### Repowering of the 132 kV Ludrio Ceao line (Operational and Environmental)

With this project, EDP Redes España has repowered a section of this line, replacing a conductor with a new, higher capacity one, increasing the security of the electricity supply to the city of Lugo.

This conductor has been selected taking into account the line's transmission needs. It offers the advantage of a higher transmission capacity with a reduced need for support reinforcement compared to conventional conductors. However, handling it requires extreme care. Therefore, both the working methods and the equipment and line means must meet minimum requirements, or even be specific to the conductor model itself.

The work also included the environmental adaptation of the line, consisting of the installation of measures to protect birdlife, through the installation of anti-collision devices.



### Replacement of bare conductors on the LV Galicia

During the year, approximately 100 km of low-voltage overhead lines with bare conductors were replaced with RZ insulated conductors, reducing the possibility of environmental incidents, minimising the potential risk of fire and impact on birdlife, as well as improving preventive measures in the operation and maintenance of the grid.



## Cantabria

### Liébana Plan Phase 1

This plan has been designed to provide alternative power supply to the distribution area of Liébana, which includes the municipalities of Potes, Camaleño, and Castro-Cillorigo, serving approximately 5,200 customers. This is a very important area due to the tourism attracted by this region, which is part of the Picos de Europa National Park.

In 2021, Phase 1, which consisted in developing 15.8 kilometres of 12 kV lines to link the Ojedo area in Liébana with the Peña Bejo area in the Nansa Valley, was completed and commissioned.

### Peña Bejo – Polaciones change in voltage

In 2021, the Peña Bejo substation and its medium voltage grid were upgraded from 6 kV to 12 kV by changing the transformers and adapting the MV lines. This action has led to the elimination of the 6 kV voltage in Cantabria.



## Asturias

### Compacting of the 132 kV Pico Gallo - Arbón - Doiras 132 kV line (Phase 2)

EDP Redes España owns the overhead high-voltage lines known as Ujo-Pico Gallo-Arbón and Ujo-Doiras. Both lines share the same route and supports on a large part of their layout.

The purpose of this project is to renovate a 12.1 km section in an area with a large amount of biomass.

Due to the unique nature of the site, it has been necessary to carry out some work by helicopter, which reduces the environmental impact of setting up new accesses and all those impacts derived from the movement of heavy machinery.

Taking into account the critical nature of the installation, with only one alternative for transmitting energy from hy-

draulic and wind generation, the control centre was only able to do without the installation and facilitate outages for a short period of time (4 months/year), and in periods of inclement weather. This made it necessary to schedule the project over two years: in 2020, all the civil engineering work and a section of the line were executed, and in 2021, construction was completed.

Initial state



Completed refurbishment



Refurbishment of the Genestoso medium voltage overhead line

Following an analysis of the breakdown rate recorded in the area, the decision was taken to refurbish this line with the aim of reducing the number of breakdowns caused by storms and improving the quality of supply in the rural area.



Genestoso is a town in the municipality of Cangas del Narcea at an altitude of 1,180 m located within the protected area of the Fuentes del Narcea Natural Park, so the conditions for carrying out the work were extremely limited in terms of the opening of paths and accesses, as well as taking care of the environment.

In those areas where access is only possible on foot, jack hammers were used. Furthermore, the concreting and assembly of support structures was carried out by helicopter over three days, in order to reduce execution times and minimise environmental impact.



### Comprehensive refurbishment of the Priañes 50 kV substation

This refurbishment consisted in the complete renovation of the 50 kV switchgear and the control and protection system.

The 50 kV installation is located inside a room in the Priañes hydroelectric power station, owned by EDP España, where a lightweight construction has been built over the turbine hall of the power station itself for the installation of control and protection cabinets. The auxiliary services system also makes it possible to separate the distribution facilities from the generation facilities.



### Santa Cruz substation refurbishment

This refurbishment includes six 132 kV sites using GIS technology, five line locations, and a longitudinal coupling. A new building has been built to contain the 132 kV sites with GIS technology that will replace the positions currently existing in the outdoor park.

The construction has been carried out in an environment with many difficulties in accessing the facility, while maintaining the existing facility in service.

This is the first step of a project that will continue with the future installation of new power transformers and the complete renovation of the 30 and 12 kV switchgear.



## Autonomous Region of Valencia

### Aldaia 220/20 kV substation

This project consists in the new Aldaia 220/20 kV substation (Valencia) and its ten power transmission lines. It is a shielded indoor installation, equipped with a 220/20 kV, 60 MVA transformer connected to the transmission grid, 21 new 20 kV cells, and 12.5 km of 20 kV lines.

This substation was designed to guarantee support for the Quart de Poblet substation from the transmission grid, integrating it into the distribution network of this area of Valencia, increasing the safety and reliability of the company's distribution network.

The substation was built on a 6,800 m<sup>2</sup> plot with a total term for completion of 23 months.



2021 has been a year of integration, both regarding the distributors in Spain and the Group's Grid Platform. We have unified operating and management models and this has allowed us to achieve efficiency while working, safely, to continue to grow the Grid and to continue to maintain excellence in supply quality. It would not have been possible without the people's commitment and effort.

In 2022, we will continue to make the Grids the main players in the energy transition. To this end, and with the ever-present objective of zero accidents, all efforts will be focused on setting in motion the investments associated with the investment plan, which is more ambitious than ever and in which digitisation plays the main role. Digitising and automating the grid will make us more efficient and contribute to further improving quality standards.

**Alejandra López Gómez**  
Grid Exploitation

## EDP Redes España energy storage

To improve the quality of supply, especially in rural areas, following the implementation of a first energy storage pilot in June 2020 in the municipality of San Vicente del Monte (Valdóniga, Cantabria), a project with similar characteristics has been implemented in 2021 in the area of Ribeira de Piquín (Lugo).

**The implementation of this pilot project has resulted in the integration of a battery, of 200 kVA - 400 kWh, into the medium voltage grid. An energy storage system has thus been connected to the 20 kV grid, which has a specific monitoring, remote control, and telemetry system connected to the control centre.**

This way, the system monitors the quality of the energy supplied by the grid so that, in the event of a breakdown or power cut, it sends an automatic warning to the control centre, which starts up the corresponding operation to correct the incident. At the same time, the system automatically starts supplying customers from the batteries, guaranteeing continuity of supply until the main grid is restored.

This year, work began on a new pilot project in the area of Coto Bello, in the council of Aller (Asturias), where the population is just over 300 inhabitants, a figure that increases in summer, due to tourism activity. This will guarantee supply in the event of a breakdown or a power cut, as well as bolstering distribution in the event of an increase in demand.



In the medium term, EDP Redes España plans three new energy storage projects in the area around the Toranzo Substation (Cantabria), La Olla Substation (Asturias), and Carrión Substation (Palencia).

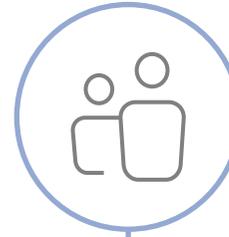
## Operational efficiency

Vega integration project has been aimed at making EDP Redes España become the leader of the electricity distribution business in Spain, involving all the Distribution Business Units and the Support areas. The four pillars on which it has been based are:

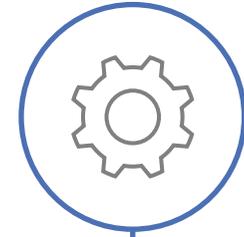
- Maximising investments.
- Strengthening the position of the Group as the supplier offering the best quality of supply in Spain.
- Consolidating the Group as the leader in operational excellence in Spain.
- Leading the development of new services and technologies.



Success along the way with almost 200 initiatives implemented



180 people involved in the Vega project



A new organisation

In its first year in operation, the Vega project has involved more than 200 employees in 200 initiatives, whose involvement has made it possible to exceed the efficiency targets.

The initiatives have been distributed into the following work lines:

- Capex planning
- Construction, operations and maintenance
- Other corporate functions
- Metering and grid connection systems
- IT & Data
- Health, safety and environment

In a first stage, initiatives have been divided into categories, 80 of which have been defined as enabling and 109 as synergies.

It is important to highlight the high degree of engagement and dedication of the 180 participants, who have the role of initiative owners, work line leaders, members of the Integration Management Office (IMO) and members of the Steering Committee.

Best practices have been identified and applied through the project, standardising procedures and establishing common criteria in the management of the EDP Group's electricity distribution business in Spain. One of the initia-

tives completed was the merging of the Call Centre and Back Office service to attend to all Business Cycle and Grid Access activities. To achieve this, the company has created a new operations platform in Oviedo, which employs more than 40 people. It also has support from other operational centres in Zaragoza and Seville to deal with occasional increases in the call centre service associated with grid incidents.

EDP Redes España reckons that this project is an example of how the people's commitment and engagement is allowing to build a new organisation day by day, which will allow us to meet the Business Plan approved by the Board of Directors.



### 3.1.2. Innovation and digital transformation

#### Business innovation

The research and development and innovation (R&D&I) areas of the Group work together to achieve a common goal: to create the conditions for EDP to lead the energy transition. However, they do it in different ways.

The R&D area comprises the exploration of new technology areas, the application of new knowledge, the trial of technologies and processes in a laboratory environment in a first stage and, subsequently, in EDP assets. Meanwhile, the activity in the innovation area is usually subsequent to the R&D activity, works on more mature technologies/concepts and is more impact-focused. Both areas contribute to EDP's purpose regarding innovation: to accelerate new businesses that create impact and promote the quick adoption of innovative solutions to lead the energy transition.

Achieving carbon neutrality by 2050 requires the energy transition to include the decarbonisation of electricity production, along with the electrification of consumption. To achieve this, it is necessary to induce changes in the way energy is consumed without impacting the economy. This challenge is compounded by the fact that this change will take place while the world's population continues to grow, approximately by 30%. Innovation is therefore essential.

**Innovation is at the core of the energy transition and is an essential part of EDP's growth.**

For EDP, it is not enough to launch inventions, but it is indispensable to develop and apply them in a large scale. Innovation is the key to the energy transition required for a decarbonised society.

#### Impact - Reviewing the innovation system and operating model

The update to the EDP Group's strategy, in the form of the 2021-2025 Strategic Plan, established an ambitious growth plan that foresees an unprecedented acceleration in the adoption of renewable energies. Furthermore, the strategic update set the goal for the Group to become a 100% green company by 2030.

This is a major challenge that depends on a strong commitment to innovation, aimed at a substantial increase in the capacity to develop and rapidly adopt innovative solutions.

Recognising this urgency, EDP's most recent Strategic Plan has committed to investing €1 billion in innovation from now to 2025, doubling the resources allocated to this area and prioritising innovation opportunities.

The strategic update has therefore significantly strengthened the commitment to innovation in relation to the previous strategic plan. This reinforcement has naturally led to the need to rethink the Group's innovation strategy and operating model, in order to increase delivery capacity in terms of speed and impact.

The review of the model, which materialised in the Impact project, addressed opportunities for improvement in terms of

sharing knowledge about innovation at the Group, also leveraging the potential for capturing synergies between projects and promoting an alignment of processes and best practices across different regions.

EDP's innovation operating model is based on a rapid adoption logic with a well-defined purpose of accelerating impactful new businesses and promoting the rapid adoption of innovative solutions to lead the energy transition. Based on this strategic alignment, the model favours three innovation paths (one internal and two external) that act in parallel and complement one another, fed by a cross-cutting sourcing process. The pathways are:

#### INTERNAL PROJECTS

Implementation of an innovation portfolio internally developed through a process in a dosed financing logic, with a gradual risk reduction in the stages of the process and with the goal of creating businesses in the growth stage.

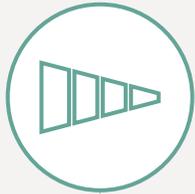
#### EXTERNAL INVESTMENTS

Making and managing capital risk investments in external opportunities/start-ups, with the aim of accelerating the adoption of innovative solutions and businesses.

#### EXTERNAL COLLABORATIONS

Implementation of external collaborations (start-ups, companies, universities, etc.) to accelerate the adoption of innovative solutions and businesses.

INNOVATION PATHWAYS



Internal projects



External investment



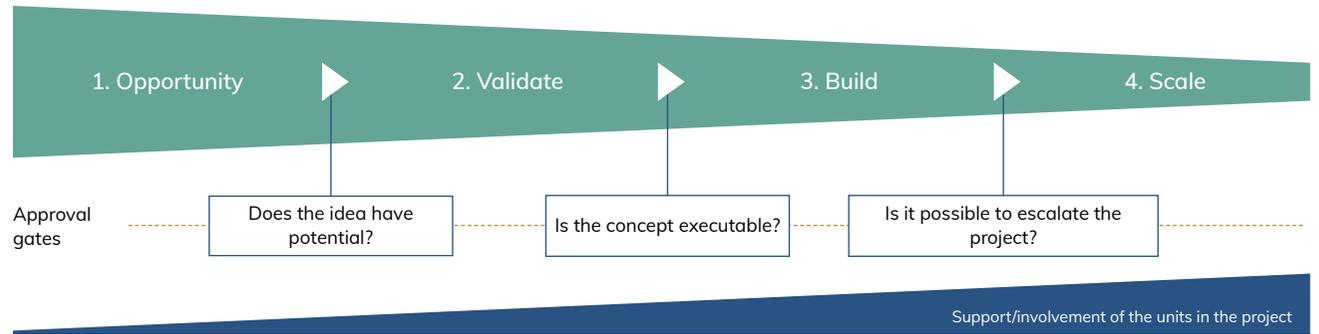
External collaborations

The review of the innovation system and operating model led to the internal innovation pathway being redefined and formalised, with the scope and value of the external investment pathway also being expanded, and the scope and ramifications of external partnerships being broadened.

The internal innovation pathway is supported by a pipeline model consisting of four stages, with inputs every two

months. In each stage, characterised by well-defined objectives, the innovation opportunity (idea/project) is assessed, based on its merit, at approval gates. Approval gates are moments to decide on whether or not to move forward with the innovation opportunity to the next stage. The dynamics of the approval gates are supported by a meeting called Global Innovation Steering, in which members from all business units and regions participate.

Stages



The four stages are Opportunity, Validate, Build and Scale. Each of the stages in the pipeline model requires the evolutionary preparation of the idea/project, which begins in the opportunity phase with a basic evaluation of the idea, and continues until its potential scaling. Scaling up allows the transfer, for example, to a Group business unit or even the creation of a stand-alone business.

The focus in each stage is on identifying the minimum investment required to remove the greatest risk/uncertainty from the opportunity. As risk is eliminated throughout the process, investment will also be higher.

A commercial pre-launch or scale-up pilot only takes place after ensuring that most of the uncertainties in the opportunity have already been validated and that the results make a higher level of investment easy to assume, both financially and in terms of time and human resources.

In each of the four stages of this internal innovation process, the leverage potential of the opportunity is assessed in parallel through the two remaining external innovation pathways; namely, through external investment, value creation supported by Ventures or external collaborations in order to create accelerators that promote, wherever possible, the rapid adoption of solutions that respond to the identified opportunities.



Thus, the separation of the value generation mechanism into three innovation pathways does not in any way invalidate the interconnection between them. Although the channelling model described is limited to the internal value generation pathway, every time an idea is given the 'green light', ways of acceleration are assessed to take advantage of that same opportunity. There is an effective and active search process to continuously create these synergies.

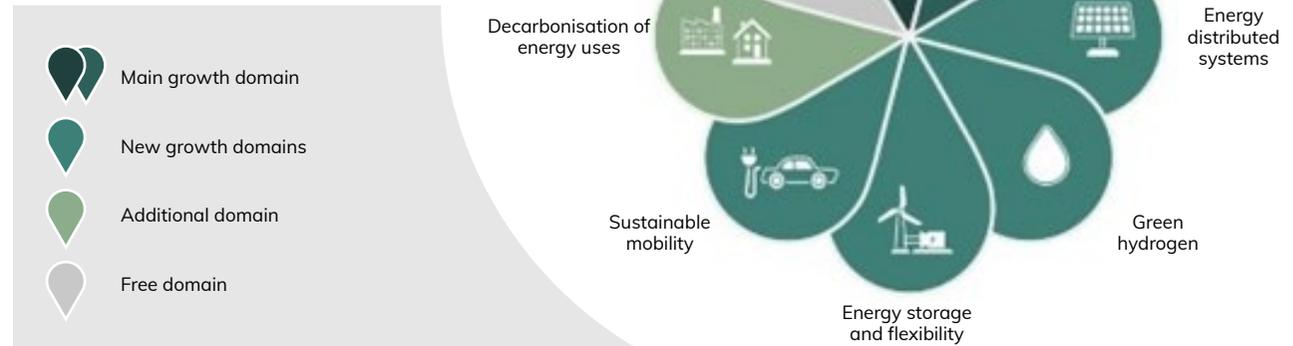
The Impact Project has also reshaped the internal relationship between the business units and innovation. The business units are actively involved in selecting highly uncertain innovation opportunities, through approval gates, and work closely with the innovation teams on projects and pilots. Although opportunities are managed by EDP Inovação, business unit participation is constant and with incremental allocation as opportunities are validated and any risk to business unit appropriation decreases.

Innovation has long been a traditional investment area for EDP. Incremental innovation is developed and managed by the various business units, with their own teams focused on continuously improving the competitive positioning of the businesses in the market. Incremental innovation represents 70% of the total investment in innovation and an important part of the resources globally allocated to innovation. The most disruptive innovation is managed by special innovation teams that are part of the global innovation platform. The relationship between the innovation teams in each business unit and the EDP Inovação teams is continuous and takes several forms: exploration and analysis of opportunities (regular sessions per area called Heads-Up Innovation), assessment of opportunities (through the Global Innovation Steering, where all business units are represented) and the preparation stage for project delivery to the business units.

The new innovation operating model began in 2021 and included a review of the innovation system and operating model to redefine and broaden the context in which innovation works.

Seven areas were identified in line with the business strategy at EDP, which is positioned in all stages of the energy industry supply chain, particularly in the main growth pillars (renewable energy, grids), new growth areas (distributed energy systems, green hydrogen, energy storage and flexibility and sustainable mobility) and major industry trends (decarbonisation).

An open box area was also envisaged, which aims to open up a space for a continuous effort to search for new solutions, which can come from both inside and outside the energy industry, given its fundamental role for other critical sectors and for society in general.



The areas are broad innovation issues on which the different Business Units of EDP can work. The activities and projects of the technology-based innovation and R&D areas are thus structured in seven domains (7+1) of the energy transition:

- Renewable energies, their integration and flexibility to develop solutions that will help EDP reach its renewable energy installed capacity targets.
- Grids, allowing the energy transition through smart grids. The countless sensors installed throughout their lines allow to instantly control the status of the entire grid, balance the load and prevent failures before they occur.
- Distributed energy systems, supporting B2B and B2C customers in the development of their distributed generation solutions.
- Green hydrogen, supporting the energy transition in industries in which their activity predominantly depends on carbon-emitting solutions.
- Energy storage and flexibility, which test the new storage technologies and flexibility management.
- Sustainable mobility, which supports EDP customers in their transition to electric mobility and provides associated services.
- Decarbonisation of energy uses, which supports the decarbonising efforts of the EDP customers by developing new solutions and speeding up their adoption.
- The open box domain also appears as an additional domain that creates a space to develop ideas/projects that do not strictly fit in the other domains.

## Context of innovation at EDP España

Three types of activities are carried out by EDP España in the different fields: Projects, Support for start-ups and Technology watch, and reinforcement of EDP's position in Spain.

### Projects

EDP España analysed and implemented 37 innovation projects in 2021, 2 of these being finalised or completed in the year. Moreover, 11 pilots with start-ups were analysed and implemented during the same period, 6 of them being finalised or concluded in the year.

In 2021, as part of the climate change adaptation plan, a pilot project was carried out with the start-up DotGIS to model climate risks, and how these could affect electricity distribution infrastructures. This pilot project in particular modelled the risk of landslides in a certain area of Asturias.

Various map sources were used for this (digital terrain model, lithology, land use) with the final objective of having data in GIS format that can help to assess landslide risks when planning new power distribution lines, as well as to know the potential risks in lines currently in operation. A proof of concept was also created at the same time, using deep learning to automatically classify

current satellite images in order to obtain a more updated situation of land use. Recent images from the Sentinel-2 satellite were used for this, obtaining very satisfactory results, and even managing to delimit land uses with a higher resolution than the official sources themselves.

## Apoyo a 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 which are aligned with our five technology priorities. It is an international programme which, in 2021, has assessed more than 700 applications from 78 countries, and which has selected 10 start-ups to carry out pilot projects with the EDP Group in Europe, Latina America and the United States. The Spanish ecosystem recognises Starter Business Acceleration as an avant-garde programme in the pursuit of solutions to lead the energy transition. All the series organised since 2017 have been enthusiastically received by all the agents of the ecosystem. The start-ups, the public agents supporting innovation and investment funds actively participate in the activities and, particularly in this 2021 series, Spain has been the country that contributed more applicants, ahead of countries with innovation hubs that are international benchmarks such as USA or Israel.

The winning company of 2021 Starter Business Acceleration was Less, a Polish company that has developed different magnitude sensors for high-voltage overhead lines. EDP España and EDP Redes España are considering to carry out a pilot project with the Less sensors in the facilities of one of the Spanish distributors of the Group.

In 2021, 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. In 2020, as a consequence of the COVID-19 pandemic, the programme started being taught in a digital format. Traditionally, the

spirit of FreeElectrons had been shaped by a close contact among all the participants. For this reason, this change has multiplied the efforts of all participants to maintain such close contact. The multiple digital meetings in completely different time zones and the coordination of people from Europa, Australia, Japan, United States or Brazil is a challenging and exciting experience for all the participants. This year's winner was the Irish company KelTech IoT, with an IoT solution that can contribute very relevant added value to the communications and real estate infrastructures market, contributing to the development of more technological, connected, decarbonised and socially organised cities, combining electricity and fibre.

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. 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. In the latest series in 2021, we collaborated with the start-up Aplanet, a software for the digitisation of the ESG activity management and reporting. This digitisation allows us increased agility and efficiency in the internal processes, eliminating manual processes and automating the tasks of many members of the organisation that participate in the preparation of the report on the activities performed. Likewise, in this year's programme, we have already analysed the proposals of the more than 770 start-ups and technological SMEs (more than 650 international ones) which have submitted their application to collaborate with the corporations comprising BIND 4.0. Such analysis has resulted in the possibility to perform four proofs of concept for the Generation and Distribution Platforms, and for the corporate area of the Group.

Reach Incubator is a second-generation big data incubator, based on the successful efforts made by European Data Incubator (EDI) to accelerate data-driven innovation in Europe. EDP España already participated in EDI, in the first experience of this concept, in which it developed three pilot projects with the German start-up Contiamo, the Spanish SME CyC and the Portuguese start-up Grama. REACH Incubator is an Innovation Action funded by the European Commission which started in September 2020, and over three years, it will seek to boost innovation by connecting start-ups and SMEs with corporations. On this occasion, EDP España is managing the participation of EDP Group companies in the presentation of innovative challenges for the incubator REACH incubator to search in Europe the start-ups and SMEs with the technology and capacity to solve them.

## EDP Ventures España investment

Thanks to many years of work on the concept of open innovation, the EDP Group has established a community of innovation stakeholders that includes the Venture Capital activity. EDP's corporate Venture Capital fund, EDP Ventures, invests in early and growth stage start-ups working in the Group's preferred innovation areas. With no geographic restrictions, the aim is to detect the best opportunities in order to create strategic value for the Group.

In this context, EDP Ventures España has made its first investment in the Asturian start-up Plexigrid. The investment round is close to €2 M in a co-investment model with the international fund The Venture City, the Sociedad de Promoción Regional del Principado de Asturias and several other prestigious business angels. Plexigrid is a Spanish deep-tech start-up involved in optimising the operation of electricity grids, and supporting the energy transition towards more sustainable alternatives. Plexigrid's technology allows DSOs to view and act in real time on the grid, using advanced graphical representation and computation techniques, overcoming the challenge posed by working simultaneously with millions of nodes.



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



Within the Spanish Technology and Innovation Platform for Future Grids, Futured, EDP Redes España has been leading since 2021 a new task force for energy storage. This task force has set itself as a target for 2022 the preparation of different documents showing cases of energy storage use in electricity grids. The leadership of this group is coordinated with the chairmanship of the Spanish Technology Platform for Energy Storage, BatteryPlat, held by EDP España.



In 2021, EDP España has joined the Board of Trustees of the Technological Centre CTC of Cantabria, replacing Viesgo and strengthening the bond that the EDP Redes España's distributor already had with such entity. The Technological Centre CTC was founded in year 2000 as a private non-profit foundation. Since 2008, it is recognised by the Ministry of Finance and Competitiveness as a technology centre and, since then, it is the only entity in Cantabria that holds this distinction that recognises those non-profit entities whose main goal is improving the competitiveness of companies by generating technology knowledge, carrying out R&D&I activities and developing their implementation.



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 college in Oviedo and the Polytechnic Engineering College in Gijón who base their master's thesis on the topics proposed by the different platforms of EDP España. The company will propose at the beginning of the academic year the topics in 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.



## Digital transformation

### CYBERSECURITY

Cybersecurity is key to guarantee business continuity in most companies and a legal responsibility when it comes to critical infrastructures or essential services, as is the case of EDP in Spain. Just thinking about the impact that the loss of control may have on the distribution operation gives us an idea of the potential emerging problems. For these reasons, the company's commitment to safety is total and, where most companies base their actions on lessons learned to improve results, EDP has established task forces in which to execute action plans and improve strategies with which to stay ahead of cybercriminals.

Year 2021 has made us face great challenges due to the great advances in the sophistication and volume of cyberattacks. In fact, the rate regarding many types of attack has quadrupled. Moreover, the COVID-19 pandemic has been used as bait and inducement to change the typical targets of attacks. Targets and how victims are attacked have changed radically, and this is not something that we have simply observed in our company or on a personal level, it is also something public administrations have perceived. For this reason, cybersecurity within national defence has taken on an absolutely leading role. This situation has triggered the creation of a new and demanding legislation to comply with at European level. Hence, we are obliged to collaborate closely with the coordinating bodies of each country.

Given the events over the past few years, EDP has reorganised itself, creating new security management teams and defining a new Cybersecurity Governance Model that strengthens the role of the Security and Cybersecurity Committee. All this with the aim of obtaining greater agility and ensuring the organisation's operations.

In addition, during the past year, we have witnessed an increase in the variety of cyberattacks, in such a way that they have served to learn and mitigate present and future risks. We can highlight three trends:

**1**  
Increase of points where the company is vulnerable to attacks at the IT level (teleworking, IoT and supply chains)

**2**  
Ransomware

**3**  
Threats to critical infrastructures through industrial control systems and the convergence of OT/IT cyber threats

There are several factors that have led to the increase of cyberattacks. These include digital transformation and the new business model that entails more people doing business online. We have entered the early stages of the Fourth Industrial Revolution, which is marked by digital interactions and the ever-closer dependence between computers and the human being.

Our lifestyle is getting increasingly based on online operations and our company is an example of this with more than 40% of teleworking time for most employees.

The proliferation of equipment connected to the internet and the future 5G with IoT equipment (internet of things; they are low-capacity devices with limited security measures) have exponentially multiplied the vulnerable points from which to attack people and companies. We are not only talking about the possibility of obtaining personal data from users, but also about the ability to falsify the measurements of industrial sensors in such a way that they can affect the management of the operation. This leads us to work on reviewing our equipment and increasing security measures, an issue that is not easy at all. The risk of these devices does not lie only in a company's IT asset, but also in the fact that a cybercriminal could connect within our network and cause very serious problems.

Likewise, the strategies of cybercriminals have changed with the aim to start attacking companies with a lower capacity to invest in cybersecurity, such as SMEs that work for large corporations. That is, if a cybercriminal wants to attack us, it may not do it directly against us, but it could attack a subcontractor and use it to enter our network. This circumstance is so clear and frequent for the administrations that the EU has transposed the NIS2 Act to focus on the surveillance of the supply chain and suppliers of companies, not only at a material level, but above all at the level of computer services. For this reason, EDP has focused on a comprehensive cybersecurity strategy where the controls and measures are applicable both to the company's own services and people, and which can be extended and complied with throughout the subcontracting chain.



Certainly, there are many other trends and threats to the cybersecurity ecosystem. Therefore, it is very important to convey the message that this entire environment is being analysed with continuous improvement processes and improved to ensure that the governance models, policies, procedures, and technological elements are adequate to face present and future challenges. In this sense, all personnel are encouraged to collaborate by reporting every matter that can be identified as a possible threat.

## DIGITAL TOOLS

During 2021, the results of the previous year have been consolidated, specifically stating that the use of collaborative tools was essential for the successful adoption of teleworking by EDP staff.

This year, on the occasion of the integration of Viesgo into the EDP perimeter, the use of digital tools has continued to be promoted, now not only to face the challenge of teleworking, but also with the aim of collaborating and sharing information between staff of different geographically separated groups, allowing users to be productive from the first day of the integration process, and maintaining this collaboration model until finally completing the integration of all of them into the EDP systems by the end of the year.

In turn, the proper use of documentation classification based on its content has also been promoted, incorporating specific points in this regard into the syllabus of the different workshops given about collaborative tools, in addition to disseminating and making available to users

explanatory pills with examples of its correct use. This has helped to improve the efficiency in information management while ensuring compliance with legal obligations regarding data protection.

With regard to metrics on the adoption of collaborative tools, they have been slightly increased compared to the previous year (+1 point). The updated values of the Office 365 FMA (Final Measure of Adoption) indicator are as follows:

EDP ESPAÑA	DEC 2021
Outlook	98.2%
OneDrive	82.4%
SharePoint	82.8%
Teams	81.2%
<b>Final Measure of Adoption</b>	<b>86.2%</b>



## DIGITISATION

During 2021, significant actions that improve the digital capacities of the different EDP business areas have been carried out.

In the grids sphere, the digital relationship with customers and potential users of the electricity distribution grids have been significantly boosted thanks to the improvement in grid access and connection management solutions, both as regards obtaining information about access capacities and regarding the procedures for access and connection applications. All this will allow the owners of renewable production installations to carry out the procedures for connecting their installations more easily, encouraging energy transition.

Besides, due to Viesgo joining the EDP Group, a transformation programme has been started aimed at integrating the systems and applications of the different companies that are part of the electricity distribution business. In 2021, the organisation executed the design of the future technology architecture, prepared the project plan necessary for the integration of the different systems and started the implementation plan by launching the first projects.

Lastly, it should be also highlighted the rise of EDP España in the Digital Maturity Index, annually rated by IDC and the Universidad Católica de Lisboa, which in year 2021 has risen up to 4.13 with respect to 4.01 in the last year, consolidating EDP España as a Digital Transformer. There is no doubt that the continued increase in this indicator over the last years reflects the effort EDP is making to improve its digital capacities.

The integration of two distribution companies such as Viesgo/Begasa and E-Redes in the energy transition scenario that surrounds us brings a professional stage as exciting and fascinating as exhausting, due to the huge effort to try to get everything done. We hope that in 2022 we will be able to better balance both aspects.

In 2021, we have focused on laying the foundations of the business Digital Transformation Division, both in terms of processes, internal operation and cross-cutting operation, and internal/external resources, while continuously creating and contributing value. Digital transformation is something continuous that does not admit stops, although it allows strategic reconsiderations with the sole goal of guaranteeing the creation of value and accelerating the process. A portfolio containing 27 projects in the Innovation area and 20 in the Grid Data & Intelligence area evidence this.

For 2022, our main challenges consist in consolidating projects of tangible value for the business, meeting CAPEX commitments, the launch of the corporate data lake as work basis for reporting and cross-cutting data analytics, and the dynamization and coordination of digital transformation in the Grid Platform.

**Pedro Manuel del Rosal Cimadevilla**  
Digital Transformation





# RENEWABLE

Where innovation  
and sustainability meet.

### 3.1.3. Just transition

## Next Generation EU

On 21 July 2020, the European Council resolved to create an exceptional recovery instrument called Next Generation EU that authorises the European Commission to issue up to 750,000 million euros in debt on behalf of the European Union, which represents a coordinated and solidarity response to a serious economic crisis such as the one caused by the COVID-19 pandemic.

Next Generation EU is made up of two main elements:

- Mechanism for Recovery and Resilience (MRR)**  
 It constitutes the core of the recovery fund and it is funded with 723,800 million euros, out of which 338,000 million will be non-refundable transfers. Its purpose is to support investments and reforms in the member States to attain a sustainable and resilient recovery. The Regulation (EU) 2021/241, governing the MRR, came into force on 19 February 2021.
- REACT-EU**  
 It is an instrument to support recovery for European cohesion and territories. It is funded with 50,600 million euros and its execution is more flexible and agile.

This recovery fund has a limited duration and is in addition to the traditional resources provided in the cohesion policy. The payment of these amounts will be done throughout 6 years, until the end of 2026.

The MRR distribution criteria guarantees a higher financial support to those member States whose economic and social situation has deteriorated the most as a consequence of the pandemic and the restriction measures on the economic activity required to fight COVID-19.

## Allocation for Spain

Spain will receive a total of 144,000 million euros, out of which 69,528 million will be non-refundable transfers, and it could access more than 70,000 million euros in loans, which can be potentially mobilised until 2026.

Additionally, the allocation of the REACT-EU funds to Spain is above 12,400 million euros, most of which have been already allocated to the autonomous regions, which are the main parties in charge of their execution.

To these figures, we must add the structural funds, FEDER and European Social Fund + envisaged by the 2021-2027 multiannual financial framework, as well as the rest of the Community programmes such as Horizon Europe.

## Recovery, Transformation and Resilience Plan (PRTR)

With the aim of distributing the European funds received, the Spanish government has drawn up a Recovery, Transformation and Resilience Plan (PRTR) based on four cross-cutting areas: ecological transition, digital transformation, regional and social cohesion, and gender equality.

The objective of the PRTR is to accelerate economic and social recovery after the COVID-19 crisis and to achieve increased growth capacity in the medium and long term. Along with investment, a series of structural reforms are therefore planned in order to create the right conditions for these funds to have the greatest possible impact. It was presented on 30 April 2021 and was approved on 13 July 2021.

The plan consists of four cross-cutting areas, which are structured around ten policy levers that do in turn include 30 components or lines of action, both of a regulatory nature and to promote investment.

Each component will explicitly contribute to the general aims of the plan and the four cross-cutting areas. Furthermore, each component will focus on a specific challenge or objective, and include reforms and investment that contribute to achieving these objectives or overcoming the challenges. Intermediate goals and milestones, expected results, the number of beneficiaries, as well as the detailed cost of each element, have been identified for all of them.

This PRTR establishes in block C.8 of Ecological Transition the aspects that apply to electricity infrastructures, promotion of smart grids and implementation of flexibility and storage. This supplement envisages, among other actions, the technological updating of the electricity distribution grids in order to improve the integration of renewable energies, the management of demand, the development of the independent aggregator, and distributed energy resources, as well as to encourage the progressive electrification of mobility and the building sector.

## Strategic Projects for Economic Recovery and Transformation (PERTE)

The PERTEs are strategic projects with a great capacity to boost economic growth, employment and the competitiveness of the Spanish economy, with a high degree of public-private collaboration and being of a cross-cutting nature with respect to the different public authorities.

They are a new item conceived by the Spanish Government as a mechanism to promote and coordinate high-priority projects that are especially complex or where there is a clear market failure, major externalities or insufficient initiative or investment capacity in the private sector. Their aim is to contribute to agile, efficient management of funds and to reinforce those projects that clearly contribute to the transformation of the economy.

## Renewable energy, renewable hydrogen and storage PERTE

The transition to a carbon neutral economy is an opportunity in environmental, social and economic terms and, among other advantages, it also makes it possible to reduce foreign energy dependence. With this Strategic Project for Economic Recovery and Transformation (PERTE), the Spanish government aims to support areas associated with the energy transition in which Spain is well positioned, such as renewable energy, power electronics, storage or renewable hydrogen, as well as strengthening those with less presence.

This PERTE was approved by the Council of Ministers on 14 December 2021.

The following actions are being implemented to achieve it:

- 25 transformative measures aimed at the development of technology, industrial capabilities, new business models and their implementation in the country's production fabric.
- 17 accompanying measures to promote implementation of the PERTE, such as training and capacity building to enable industries to adapt to new technologies and take advantage of job creation opportunities.

From the grid perspective, it is expected that these installations will be involved in the development of new infrastructures, both regarding renewable projects for the production of green hydrogen and for energy transmission.



## PERTE for electric and connected vehicles

The first PERTE approved has been the PERTE for the development of electric and connected vehicles, focused on strengthening the supply chain of the Spanish automotive industry. The aim is to turn Spain into the European Hub for electric mobility.



PERTE will be made up of two complementary areas of action:

1. Transformative measures to boost the electric and connected vehicle supply chain (vehicle manufacturing).
2. Facilitating measures that contribute to both the creation of a new mobility and to the development of electric vehicles.

Transformative measures include comprehensive actions in the electric vehicle supply chain, a sustainable automotive technology plan, a programme for industrial data spaces and a programme to integrate artificial intelligence in production processes.

As for facilitating measures, these include the Moves III Plan, Singular Moves, the Climate Change Law, the regulation of electric vehicle charging services, the 5G roadmap and its deployment, and a professional training plan.

This deployment of charging points will also have implications on the grid level.

### Royal Decree 1125/2021

Finally, this royal decree regulates the granting of direct subsidies to the electricity distribution companies for making investments in the digitisation of the distribution grids using the funds of the Recovery, Transformation and Resilience Plan.

## Participation of the EDP Group

The PRTR was coordinated in parallel to several public consultations, in which the EDP Group participated with various expressions of interest in carrying out projects to contribute to economic and sustainable recovery, being focused on the areas of renewables, including green hydrogen production, storage and grids, most of which would be carried out in areas of coal-fired power plants following just transition principles.

The CEO of EDP España, Rui Teixeira, spoke in the Senate on 8 March 2021 as part of a study paper on the challenges faced by a sustainable energy transition, created within the Senate's Ecological Transition Committee. In his speech, Rui Teixeira outlined EDP's plans for using the Next Generation EU funds.



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In all cases, the projects have a major impact on their surroundings as regards their potential for the creation of wealth, employment and population settlement in the municipalities, at the same time that, from a just transition point of view, they have a supporting social project portfolio that boosts these aspects.

This social project portfolio puts the focus on specific aspects of each territory, which have been identified in the local communities' perception surveys conducted in 2019 and 2021. This way, they focus on the employability of vulnerable groups, such as long-term unemployed workers or youth unemployment, employability of women and equality matters, environmental improvement, territorial equity and engagement in the social life of municipalities.

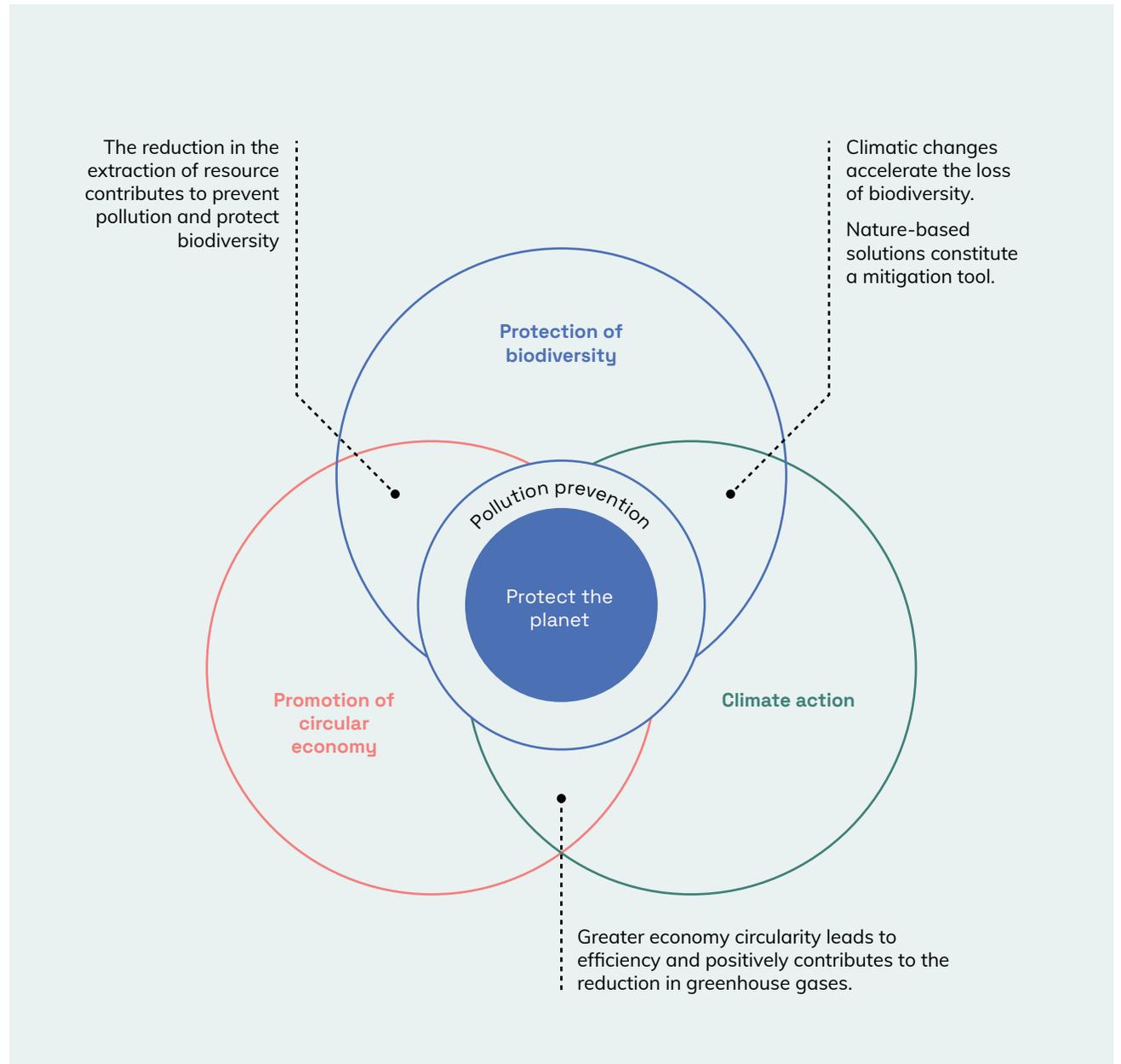
## 3.2. Commitment to the environment

### Committed to the protection of the environment

As stated in the own description of the Environmental Policy of the Group, in its revised version of February 2021, 'EDP views the Environment as a strategic management element, with the aim of reducing the impact and dependences of its activity through a set of commitments that ensure the implementation and maintenance of appropriate and effective environmental management systems, with the final goal of sustainable development.'

EDP Redes España, as a company of the EDP Group, fully shares such management strategy. The Board of Directors of EDP Redes España has adopted its environmental policy in its meeting dated 28 July 2021, assigned to business activities and developing specific targets and plans required for its effective implementation in the companies comprising the holding, as well as in its management strategy as Grid Platform.

Environmental management is structured around the three major strategies established by the EDP Group in its 2030 vision: climate change, circular economy and biodiversity protection.



By promoting an efficient use of natural resources in its activities from a life cycle analysis perspective, circular economy allows to prevent pollution and to protect biodiversity, since it positively contributes to the reduction of greenhouse gases, mitigating the climate change effects, which accelerate the loss of biodiversity.

The environment function is based on the general framework established by ISO 14001 standards as a reference to address pollution prevention in a systematic way and thus manage to:

- Protect the environment using prevention
- Mitigate direct and indirect environmental impacts
- Meet the laws
- Communicate environmental information to the parties concerned
- Improve the environmental performance according to the set environmental targets



**2021**

**BOTH E-REDES AND VIESGO HAD AN ISO14001 CERTIFICATION FOR THEIR ACTIVITY**



The DASIC (Environment, Sustainability, Innovation and Climate Change Division) is responsible for the environmental strategy, the implementation of the policy and the certified environmental management system. Additionally, the Grid Platform has an environmental coordinator who collaborates with the DASIC in their daily activity and formally through regular task forces.



## New Environmental Policy of the EDP Group, February 2021

### Responsibilities:

- To protect the environment and its components.
- To properly manage environmental risks.
- To promote the continuous improvement in processes, practices and environmental performance.
- To meet the applicable environmental laws.
- To take into consideration the relevant expectations of the main stakeholders.
- To extend the management and improvement of environmental performance to the value chain.
- To communicate environmental performance on a regular basis and with transparency.
- To train and raise awareness about the need to improve environmental performance.
- To take all these commitments into account in decision-making processes and in due diligence processes related to mergers and acquisitions.



Likewise, and based on the strategic priorities of the EDP Group, EDP España S.A.U. has also assumed the specific commitments defined in the Environmental Policy, aimed at protecting the environment and enhancing natural capital:

- **Climate change:** to reach carbon neutrality and promote the adaptation to climate change, maximising the resilience of its assets.
- **Circular economy:** to promote the efficient use of natural resources in its activity, wherever possible, from a life cycle analysis approach.
- **Water:** to pay special attention to water as a resource, promoting its sustainable management.
- **Biodiversity:** to contribute to reduce the loss of biodiversity and to deepen scientific knowledge of biodiversity and the ecosystem services.

**Additionally, the Board of Directors of EDP España has supplemented some aspects, according to the laws and commitments assumed on a local level:**

- Public commitments assumed on climate change matters, both through the Environmental Policy and other international initiatives (e.g., SBTi, Business Ambition for 1.5 °C), are considered very relevant in strategic terms in the current context of energy transition and ESG position of the Group.

- In actions derived from the handling of hazardous substances, events of soil and underground water pollution resulted from accidental spillages upon their storage or handling (chemical products, fuels, oils, waste, etc.) can be identified. For their management, there are preventive measures (physical and procedural), monitoring and control measures, and recovery measures, all of which are in accordance with the applicable legal framework and the current Environmental Policy of the Group.
- Noise and its potential impact on the areas surrounding the facilities is one of the main environmental aspects. In order to manage it, effective measures are implemented, ranging from the control at the source and the transmission channels, to the implementation of protective measures in the recipient. There are thus effective protection measures and risk management for its management in the framework of the current Environmental Policy, ensuring, in turn, local regulatory compliance.
- Other aspects to be considered with a view to complete global environmental management are atmospheric emissions, diffuse emissions, dumping, waste (hazardous and non-hazardous), by-products, consumption of resources and energy, light pollution and electromagnetic fields, and biodiversity aspects, as well as the physical risks derived from emergency and/or disaster situations. All of them are considered duly managed in the current environmental management framework, based on the environmental policy principles of protection, risk management, continuous improvement and legal compliance.

POLÍTICA MEDIOAMBIENTAL

### 3.2.1. Circular economy promotion

#### European Union action plan for the circular economy

In December 2015, the European Commission adopted a package of measures to drive Europe's transition to a circular economy, where resources are used more sustainably. The proposed actions sought to 'close the loop' of product life cycles through increased recycling and reuse, bringing benefits to both the environment and the economy. In March 2019, the Commission published the implementation status of its action plan, 54 measures that it considered fully compliant as all actions were either implemented or being implemented.

Due to this, and as part of the commitments made in the European Green Deal or European Green Pact, the Commission published a new EU action plan for circular economy in March 2020. This plan contains initiatives across the entire product life cycle to modernise and transform the European economy while also protecting the environment.

One of the actions in this plan was the creation of a Global Alliance on Circular Economy and Resource Efficiency (GACERE). This alliance was formed in February 2021, bringing together governments and the relevant networks and organisations to give global impetus to initiatives related to circular economy transition, resource efficiency, and sustainable consumption and production.

During 2021, the proposed review of the Ecodesign Directive was subject to public consultation to include additional requirements for more durable, reusable, repairable, recyclable and energy-efficient products. It will also regulate the presence of harmful chemicals in various product categories, such as electronic and ICT equipment, textiles,

furniture, steel, cement and chemicals. It is expected to be adopted in the first quarter of 2022.

#### Spanish Circular Economy Strategy

At a national level, the government approved the Spanish Circular Economy Strategy in June 2020, 'España Circular 2030', which lays the foundations for overcoming the linear economy and moving towards a new model of production and consumption in which the value of products, materials and resources is maintained in the economy for as long as possible; in which waste generation is minimised and maximum use is made of waste whose generation cannot be avoided. Targets are set for this decade that will make it possible, among other things, to reduce national consumption of materials by 30%, improve water efficiency by 10% and cut waste generation by 15% compared to 2010.

In May 2021, the 1st Circular Economy Action Plan 2021-2023 was approved for the implementation of this strategy, with a budget of 1,529 million euros and 116 measures coordinated around eight areas of action: production, consumption, waste management, secondary raw materials and water reuse. This was in addition to, on a cross-cutting basis, awareness and participation, research, innovation and competitiveness, and employment and training actions.

#### Waste and Contaminated Soil Law

The current Waste Law, which dates back to 2011, was subject to review in 2021. The aim is to include the new guidelines and the new waste objectives of the European Directives that make up the Circular Economy package, as well as the Single-Use Plastics Directive. Two tax items

were in addition included for the first time in an industry law: the tax on non-reusable plastic packaging and the tax on dumping, incineration and co-incineration, with the aim of moving towards reuse and recycling.

On 23 December, the Plenary Session of the Lower Parliamentary House approved this Bill on Waste and Contaminated Soils for a Circular Economy. The initiative has been sent to the Upper Parliamentary House to continue with the parliamentary procedures.

#### Comité Técnico de Normalización sobre Economía Circular

In parallel with the implementation of its Strategic Plan, the European Commission entrusted standardisation bodies to develop standards related to the useful life of products, the reusability of their components, the recyclability of their materials and an evaluation of the use of reused components and recycled materials.

In response to this mandate, the Circular Economy Technical Committee was created at an international level (ISO), which is defining requirements, the framework, guidelines and tools for implementing circular economy projects, being applicable to organisations of all types and to any activity.

This technical committee has four working groups, three of them aimed at developing standards related to circular economy (the framework, principles and terminology for its implementation; a guide to business models, and the framework for measuring circularity), and a fourth group to collect success stories related to the implementation of a circular model.



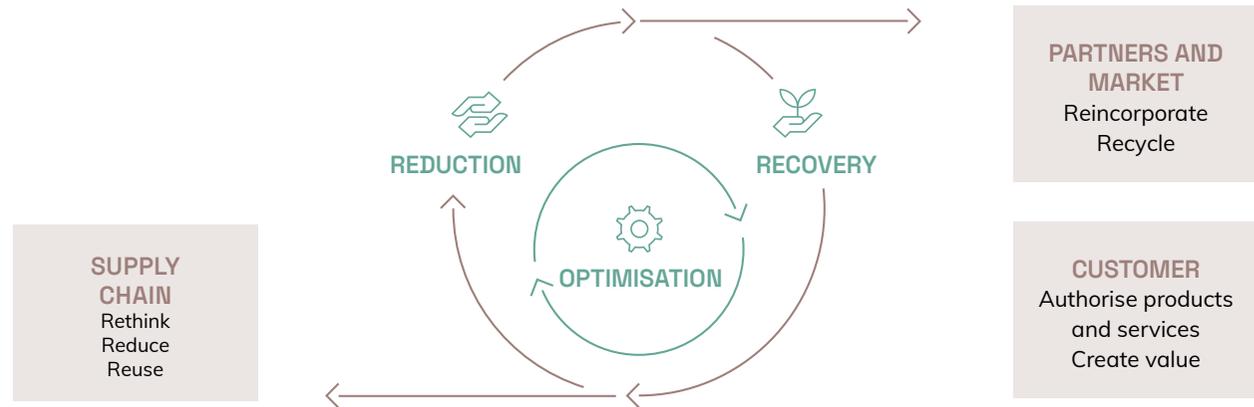
With relation to the UNE (Spanish Standards) in Spain, the Technical Committee for Circular Economy Standardisation was at the same time created as a mirror group to the ISO. It monitors these four working groups to channel the interests of the participating companies, including EDP España, in order to adapt their environmental strategy to the new requirements of the circular economy.

A highlight of 2021 was the formation of a new task force to create the Product Circularity Information Sheets, the main objective being to facilitate the exchange of information on product circularity among the stakeholders in the supply chain. It is also worth mentioning the development of existing groups: strengthening the extension of useful life as a circular practice, the diversity of circular business models, progress in establishing indicators, and a proposal for the creation of a new document related to circular economy best practices in all key areas of the supply chain (supply of raw materials, production, distribution, end of life), provided that they involve an improvement in the use of resources.

## EDP Redes España's Circular Economy Strategy

In line with the European and Spanish government's initiatives, EDP España established its own circular economy strategy in 2020, applicable to all its companies, including EDP Redes España. In the first quarter of 2021, the EDP Group approved its Strategy, with which EDP España is fully aligned.

In 2021, 40 new actions were identified in the Grid Platform in the various areas of action that form the Strategy: New business models, collaborative platforms, circular resources (circular supplies and waste recovery), circular management of assets and products (efficiency in the use of resources and materials and life extension) and virtualisation.



The Action Plan for 2021 was developed, highlighting internal awareness-raising actions and the implementation of work to measure circularity.

As regards the training actions, two courses were held in October and November aimed at senior managers in the Grid Platform. These cascading awareness-raising actions will continue during 2022.

As for circularity measurement work, measurement pilots have been carried out in 2021 using tools available on the market, both at the World Business Council for Sustainable Development (WBCSD) and the Ellen MacArthur Foundation. However, these tools are intended for the measurement of product manufacturing rather than service delivery, or for large initiatives at organisations that entail structural changes that can thus be reflected in the established indicators. This was why EDP España made progress in 2021 in the design of its own circularity measurement application, adapted to its own areas of action and which will make it possible to measure the circularity of initiatives and projects such as those that had been identified in the Strategy.

The Circumetric application was thereby created. This makes it possible to evaluate the circularity of actions and to implement and prioritise those that contribute most to circularity and sustainability. It contains a questionnaire on circularity, which is completed with specific data for each initiative or project, and it does at the same time consider the contribution of these actions to the Sustainable Development Goals (SDGs), thus aligning the implementation of the circular economy with the 2030 Agenda.

The first pilot projects assessed using Circumetric have been EDP Redes España projects, with very satisfactory results.

The tool has been presented to the rest of the EDP Group companies, as well as to the CEOE (Spanish Confederation of Business Organisations) and Forética (Spanish representative of the World Business Council for Sustainable Development) as a good practice to be replicated, so that it can be used by other companies and thus consolidate its implementation.

## Circumetric

Circumetric is EDP España's circularity and sustainability calculator.

This evaluation methodology is used for specific initiatives and projects. It is a system that allows assessing the circularity of the measures to be implemented and prioritising those that contribute the most to circularity and sustainability.

It contains a questionnaire on circularity to be completed with the specific data for each initiative or project and, at the same time, it takes into account the contribution of the initiatives to the SDGs, thus aligning the tool with the 2030 Agenda. Once the questionnaire is filled in, the answers are translated into independent results for circularity and for sustainability. The former are broken down using a spider chart in the contribution to saving resources (materials, energy and water), to the extension of the useful life, to the improvement of the natural capital and to the facilitation of other circular initiatives. The latter are broken down into the SDGs

to which the initiative evaluated contributes the most. Finally, both results are combined into a single score that goes from the letter A (more circular) to the letter D (less circular).

Hence, a semi-qualitative score is obtained for each initiative, thus allowing to focus efforts on those with the highest scores. Moreover, the fact of breaking down the circular results into the six vertices mentioned above allows to link the results of this tool with other environmental management tools and indicators within the company, such as, for instance, the circularity indicators at an organisational level, the environmental footprint or the environmental management system.

Finally, although circular economy is included in all the strategic agendas of leading companies and organisations in ESG terms, to date there is no standardised methodology to measure the circularity of projects. This turns Circumetric into a groundbreaking and innovative tool.



## Other actions regarding the promotion of circular economy by EDP España

### Collaborative platforms: Gijón Ecocircular Project: Good business practices

As part of EDP España's Circular Economy Strategy and in accordance with the driving principle of the value chain, EDP has taken part in the Gijón Ecocircular project, creating, together with five other large Asturian companies, two good practices implemented in our Group that can become a reference to develop similar initiatives in the business fabric of Gijón. These two good practices have consisted in the definition of a unique strategy adapted to the reality of the Group, and the creation of a monitoring and diagnosis centre for Iberian electricity generation assets, which allows optimising their operation, thus extending their useful life.

### Cotec task force

A Right to Repair and Circular Economy task force has been launched as part of the Cotec Foundation projects for innovation. EDP España participates in this group together with the rest of the members of Cotec to align all its actions in terms of circular economy with the trends that are defined in this regard.

### Zerø Project

EDP España has completed the Zerø pilot project. This digital platform optimises and automates waste control and management processes, adapting to any new regulatory requirement that becomes effective or to any process that arises within the organisation. This tool allows to generate, store and send all the required legal documentation to the different competent bodies in a simple and intuitive way. It also allows to use the information stored through reports with the main key indicators in a summarised and visual way. Once its effectiveness is verified, in 2022, its implementation will be extended to all EDP Redes España centres.

## 3.2.2. Natural capital and biodiversity protection

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, which are known as ecosystem services. Biodiversity refers to the variety within and between the living components of this stock. According to these definitions, we can frame nature as a (capital) asset and biodiversity as a characteristic of this asset that allows it to be more productive and resilient.

An essential step to protect natural capital is to integrate it into the economic and financial accounting, both on a national and corporate level, so that the governments and the private sector can have a full view of their environmental performance. For this purpose, it is essential to acknowledge that natural capital supports the rest of capitals with which the economic system is used to work (human, social, intellectual, manufactured and financial); thus, the current works are aimed at encouraging the integration of the actual value of nature into the economic policies and decisions, both regarding companies and countries.

The famous Dasgupta Review is an international benchmark economic study commissioned by the Treasury of the United Kingdom to the prestigious Cambridge economist after whom it is called (Partha Dasgupta). This study points out that, in per capita terms, between 1992 and 2014, the economic capital doubled and the human capital increased by 13%, while the natural capital decreased by 40%.

## International negotiations on biodiversity

Recent studies reveal the link between land use and climate change and the spread of diseases. Political leaders from around the world, representing nearly 100 countries and the European Union, have also recognised this connection in the Leaders' Pledge for Nature, by way of which approximately 100 governments have committed to reversing the loss of biodiversity by 2030. The members of the G7 have also committed themselves in mid-2021 to 'supporting global consensus and taking bold action for the delivery of ambitious outcomes for nature



in the Conference of the Parties, COP, of the Convention on Biological Diversity COP15 in Kunming and COP26 of the United Nations Framework Convention on Climate Change in Glasgow. Climate change is one key driver of biodiversity loss, and protecting, conserving and restoring biodiversity is crucial to addressing climate change’.

## Convention on Biological Diversity

The mentioned Convention on Biological Diversity (CBD) became effective in 1993, with the endorsement of 195 national governments and the European Union. It has three main objectives: the conservation of biological diversity, the sustainable use of the components of biological diversity, and the fair and equitable sharing of the benefits derived from the utilisation of genetic resources.

During the COP held in 2010 in Nagoya (Japan), the Strategic Plan for Biodiversity for the 2011-2020 period was approved as a ten-year action framework for all countries and signatories of the agreement to stop the loss of diversity and ensure the provision of essential ecosystem services to people. This plan, known as the Aichi Targets, did not generate the expected result. Accordingly, at the current COP, i.e., number 15, the first part of which was held in October 2021 and which is expected to continue in April/May 2022, new objectives for 2050 and goals for 2030 will be set. Long-term goals relate to: the improved integrity of all ecosystems; valuing, maintaining or enhancing nature’s contributions to people through conservation and sustainable use; the fair and equitable distribution of the benefits from the utilisation of genetic resources; and closing the gap between available financial and other means of implementation, and those necessary to achieve the 2050 Vision. These four objectives are displayed in 21 urgent action goals by 2030 that will allow evaluating the progress of the plan.

A parallelism is thus observed between the international agreement on climate change and the agreement on biological diversity, given the strong link between both environmental problems. In this regard, on the occasion of the climate COP in Glasgow in 2021, over a hundred governments made a multi-million dollar promise to end deforestation by 2030, as an essential step to limit the advance of climate change. Likewise, more than a thousand companies with a turnover of more than 4.7 billion USD are demanding governments to adopt measures to stop the deterioration of nature over this decade, through the Business for Nature initiative, which includes the EDP Group among its members.

## European initiatives on biodiversity

The need to promote changes is urgent and has led to the adoption in recent years of important multilateral international agreements, such as the 2030 Agenda for Sustainable Development, the Paris Agreement on climate change and the aforementioned proposal still under negotiation of a global framework that includes a set of new global objectives on biodiversity for the 2021-2030 period, to replace the failed Aichi Targets of the Convention on Biological Diversity (CBD).





In parallel, legislation and plans have also been approved within the European Union, such as the European Green Deal by the European Commission, which includes the Sustainable Finance Action Plan and the 2030 Biodiversity Strategy, which in turn cover the important role that companies and the financial sector must play in achieving the common objective of advancing in the transition towards sustainable decarbonised economies and a better, greener and more resilient reconstruction. The 2030 Biodiversity Strategy, approved in May 2020, has as main objectives the conservation and restoration of ecosystems and the implementation of new environmental governance systems. Thus, the protection of 30% of the surface of Europe is proposed for 2030. This level of protection covers both terrestrial and marine ecosystems. In particular, this objective means increasing protection by 4% on land and 19% in seas and oceans. Nevertheless, the level of conservation should not be homogeneous in all territories or all spaces. In fact, this strategy considers that 10% of the whole protected area should be allocated to strict conservation areas.

This means designating areas where human activity is excluded as much as possible, prioritising nature.

A biodiversity strategy of these characteristics cannot be implemented without the consensus of society. As a result, special interest is placed on creating new governance frameworks that can establish common indicators of progress.

Companies have a leading role in this governance strategy for biodiversity, not only as potential sources of financing for specific actions, but as promoters of territorial development and green economy.

The Commission is promoting tools and reference frameworks to channel investments towards activities that have a positive impact on biodiversity and reduce the effects of climate change. In this regard, the European Biodiversity Strategy 2030 will be directly linked to the revised version of the European Sustainable Financing Strategy and the EU Taxonomy.

## Business risks related to biodiversity

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

As part of its actions aimed at promoting natural capital assessments, the Sustainable Finance Action Plan of the European Commission includes the disclosure of aspects related thereto and ensuring that environmental, social and good governance (ESG) aspects are perfectly integrated as part of the duties of the investor.

In order to meet these demands, companies need to have tools and methods that provide them with the required information with accuracy and certainty of data for its calculation. Natural capital approaches are a very useful tool in this regard. Indeed, the European Green Deal supports companies in the development of standardised natural capital accounting practices within the community and the rest of the world to ensure proper management of environmental risks and mitigation opportunities while reducing related transaction costs.

The natural capital approach not only identifies, measures and values the impacts of business activities on natural goods and services, but also identifies, measures and values the dependencies that business operations have on them.

In this regard, EDP España has developed different works in 2021 on the assessment of the impacts and dependencies of its activity on natural capital, in order to integrate the necessary initiatives in the field of biodiversity to allow contributing to the maintenance and strengthening thereof.

## Actions of EDP España in terms of natural capital and biodiversity

A natural capital task force was set up in 2019 in the Spanish energy sector in which EDP España participated. The purpose of the task force was to identify the impacts and dependencies of the different energy business lines on natural capital, based on the Natural Capital Protocol, an international framework of reference. Through various meetings carried out during 2019, 2020 and 2021, experiences and knowledge have been shared in the processes used to identify, measure and assess the impacts and dependencies of natural capital, taking ecosystem services (goods and services) that are affected by the different activities (thermal power generation, hydraulic power generation, wind energy, electricity distribution) as a starting point. As a result, a guideline document is to be published in 2022 presenting the conclusions for all activities in the energy sector. This document will provide the basis for future work on the valuation of natural capital within the framework of our facilities.

### ECOILE: Assessment and offsetting of the impact of electricity lines

Taking into account the performance draft of this task force, in 2021, EDP España has developed a quick assessment application for the environmental impacts caused by electricity distribution lines on habitats, species and ecosystem services. The assessment of the impacts on these three elements is aimed at obtaining a comprehensive vision of the impact of electricity distribution lines on natural capital.

Once this tool is available, the next step will be to apply it to all the lines of the Grid Platform in the different autonomous regions, in order to detect the areas that are affected the most and thus be able to prioritise the biodiversity actions that will allow to offset these impacts.

### White-tailed eagle project

The European white-tailed eagle (*Haliaeetus albicilla*) is a species that is in the list of extinct species in the Spanish natural environment.

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



EDP España has participated by adapting the grid installations in the surroundings of the area where the white-tailed eagles have been released. Since it is a large bird (up to 2.5 m), the power lines have been equipped out with anti-electrocution and anti-collision devices, including measures way above those required by the current laws on bird protection.

### Bustard Plan

The great bustard (*Otis tarda*) is a large-sized and heavy bird.

In view of how it can be potentially affected by electricity lines, anti-collision and anti-electrocution devices have been installed in its habitat area in the municipalities of Melgar de Fernamental, Palacios de Riopisuerga, Arenillas de Riopisuerga and Villasandino, all of which are in the Viesgo distribution grid in the province of Burgos.



## Restoration of the environment of the substation in Astillero (Viesgo)

With the aim of contributing to the improvement of the habitat and the minimisation of the source of the *Cortaderia selloana* related to EDP premises, different recovery actions have been carried out in the substation in El Astillero (Cantabria) and in the annexed electricity distribution grid in Villlaescusa for the purposes specified below, which also seek to be an example of management of electricity installations free of invasive species.

- All the *Cortaderia selloana* in the substation (1.5 ha) has been removed by manually pulling them up, and, in some cases, using a combined treatment.
- In the area in the other side of the estuary, 2.79 hectares have been cleaned of *Cortaderia selloana*, by combined treatment, after clearing by mechanical means the large mass of existing *Cortaderia selloana*.
- Herbaceous forage has been planted and the area has been closed with field fence in order to accommodate a flock of sheep and a herd of goats, in charge of maintaining the land free from *Cortaderia selloana*.



Aerial picture of the aspect of the substation



Before



After

### 3.2.3. Climate action

## United Nations Framework Convention on Climate Change

Finally, although with strict security measures in place to control the COVID-19 health emergency, the Conference of the Parties (COP26) was held in Glasgow from 31 October to 12 November. The COP26 was essential, given that the resolutions established in the Paris Agreement became effective from 2021 and some of its points still had to be specified and materialised.

The media and social pressure became more evident than ever. The conference started with the need to move forward and take immediate measures to keep the 1.5°C goal alive. The most repeated messages before and during the summit were the urgency in decision-making and the certainty that the time to act was running out.

Even though not all the objectives set by the most ambitious sectors were achieved, very relevant agreements were reached, such as the commitment to gradually reduce the use of coal, the 30% reduction in methane emissions by 2030, the Glasgow declaration on zero emissions cars and vans, or the commitment to end deforestation by 2030. According to different groups of experts, in the most optimistic of scenarios and if all the published commitments and promises were met, the 1.5 °C objective would not be achieved, and thus we would remain around -1.8 °C. There were also various financial commitments in place, but it has become clear that the financing objective of 100 billion dollars should be significantly increased to meet all the expenses to be incurred for adaptation purposes and for mitigating all the damage and losses caused by climate change. Lastly, the resolution on the development of article 6 of the Paris Agreement should be highlighted. It allows

to provide a clearer vision for the operation of international carbon markets.

With all this, the COP26 was closed with the final agreement (Glasgow Climate Pact), through which the countries closed all the pending issues of the Paris Agreement one year late and were summoned to return before the COP27 to be held in 2022, with new reduction commitments for 2030, to strengthen the 1.5 °C objective.

## European climate change strategy

The United Nations Framework Convention on Climate Change adopted the Paris Agreement in 2015, which establishes in article 2 its goal to limit global warming by: 'holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels'.

Complying with the commitment adopted in the Paris Agreement, the European Commission proposed at the end of 2016 the package of measures called 'Clean energy for all Europeans'. This package includes Regulation 2018/1999 on the Governance of the Energy Union and Climate Action, which establishes the need for the development of long-term strategies by the Member States, with a perspective of at least 30 years.

The EU pushes for climate neutrality by 2050 with a clear commitment to leading global climate action. Hence, this long-term objective constitutes the key element of the European Green Deal presented 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 aim of this European Climate Law is to reflect in the laws the goal of a climate-neutral EU by 2050. In December 2020, the EU Environment ministers reached an agreement about the general guidance on the European Climate Law proposal by the Commission, including a new binding objective to reduce net greenhouse gas emission by, at least, 55% by 2030, with respect to 1999 levels. An intermediate climate target by 2040 is expected to be published in the forthcoming years.

In June 2021, EU Environment ministers adopted conclusions endorsing the new EU climate change adaptation strategy. This strategy details a long-term vision for the EU to become by 2050 a resilient society in terms of climate change, fully adapted to its unavoidable effects. The measures foreseen in the strategy consist in improving the collection and exchange of data related to climate change, applying nature-based solutions to meet adaptation objectives, and integrating adaptation in budgetary policies.

## Emissions Trading System (EU-ETS)

In July 2021, the EU adopted a series of legislative proposals setting out the path to achieve climate neutrality by 2050. This package of proposals goes through various aspects of EU climate laws including, but not limited to, emissions trading (EU-ETS), and how this will contribute to achieving the climate objectives defined in the European Green Deal.



To achieve the GHG emission reduction target by 2030, the sectors covered by the EU-ETS must reduce their emissions by 43% compared to 2005 levels. The revision of the EU-ETS Directive, which will apply from 2021 to 2030, will allow this objective to be met by way of a set of interrelated measures.

To increase the pace of emission reductions, the global number of allowances will decrease at an annual rate of 2.2% from 2021, compared to the previous rate of 1.74%. The Market Stability Reserve (MSR), which is the mechanism put in place by the EU to reduce excess allowances in the carbon market and improve the resilience of the EU-ETS to future shocks, will be significantly strengthened. Between 2019 and 2023, the number of allowances deposited in the reserve will double to 24% of the outstanding rights. Starting in 2024, the regular 12% feed rate will be restored.

Moreover, the free allocation system, which will be extended for another ten years, has been revised to pay special attention to the sectors with the greatest risk of relocating production outside the EU. These sectors will receive 100% of their allocation for free. Concerning the least exposed sectors, a gradual withdrawal of the free allocation of emission rights is expected from 2026, from a maximum of 30% until its disappearance at the end of phase 4 (2030).

A considerable number of free allowances will be reserved for new and growing installations. This number consists of unallocated allowances from the total amount available for free allocation at the end of phase 3 (2020), and of 200 million allowances from the MSR. In total, over 6,000 million emission rights are expected to be allocated free of charge to the industry during the 2021-2030 period.

In July 2021, the European Commission published the legislative proposal on a new regulation that would establish

a Carbon Border Adjustment Mechanism (CBAM), aimed both at preventing the leakage of carbon emissions in the production process and at clearly expressing commitment to decarbonisation to the rest of the international community. The CBAM would replace the current system designed by the Commission to try to prevent the leakage of emissions, the free allocation of emission permits to sectors at risk of relocation. The Commission has made a proposal that establishes the obligation for importers of basic materials and electricity to deliver emission permits, not marketed in the ETS, but with the same price as the ETS (CBAM certificates). This obligation would gradually evolve over the next 10 years, in which the free allocation of ETS permits would be reduced.

## Operation of the Emissions Trading System (EU-ETS) in 2020

The advance of the Greenhouse Gas (GHG) Inventory estimates gross emissions of 271.5 million tons of CO2 equivalent for 2020. This represents a global decrease in CO2 equivalent emissions in 2020 of 13.7% compared to the previous year. The level of global emissions stands at -6.4% compared to 1990, and -38.6% compared to 2005. For the first time throughout the series inventoried from 1990 to 2020, emissions dropped compared to the year 1990.

There are two main reasons behind the decrease in emissions: Firstly, the increase in electricity generation from renewable sources and the decrease in the use of coal. Secondly, the limitations of activity and mobility due to the COVID-19 pandemic, which have resulted in a drop in GDP of 10.8%. All this has generated a decrease in GHG emissions associated with transport of 17.6%, a global 11.4% decrease in emissions from industry, and a 34.9% decrease in those due to electricity generation. The strong increase in generation from renewable sources in 2020 also contributes to the said decline.

GHG emissions from sectors subject to the European emissions trading system or ETS, which account for 32.7% of the total, decreased by 18.7%. Emissions from diffuse sectors decreased by 10.4%. GHG emissions subject to the ETS regime experienced decreases in most sectors. As a whole, the total of the Energy sector accumulates a decrease of 17% in GHG emissions. Likewise, GHG emissions from Industrial Processes and Product Use have dropped by 12.6%.

In 2019, nearly €14,000 million were generated in the ETS emission rights auction, reaching €7,900 million over the first half of 2020. In the 2013-2019 period, Member States spent approximately 78% of that revenue on advancing climate and energy targets, well above the 50% required by legislation.

## 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 are the Climate Change and Energy Transition Law, the 2021-2030 National Integrated Energy and Climate Plan (PNIEC), and the Just Transition Strategy.

## Spanish law on climate change and energy transition

The declared objectives of Spanish Law 7/2021, of 20 May, on climate change and energy transition, are to ensure compliance by Spain with the objectives of the Paris Agreement, adopted on 12 December 2015, and to facilitate the decarbonisation of the Spanish economy and its transition to a circular model that guarantees the rational and solidarity use of resources, as well as promoting adaptation to the impacts of climate change and the implementation of a sustainable development model that generates decent employment and contributes to the reduction of the inequalities.

The text includes the minimum national objectives for the reduction of greenhouse gas emissions, renewable energies, and energy efficiency of the Spanish economy by the years 2030 and 2050: the emissions of the Spanish economy, as a whole, must be reduced by 2030 by at least 23% compared to 1990, and climate neutrality must be achieved no later than 2050. In addition, by 2030, a penetration of renewable energies in final energy consumption of at least 42% must be achieved, as well as an electricity system with at least 74% generation from renewable sources. Energy efficiency must be also improved by reducing primary energy consumption by at least 39.5% with respect to the baseline according to Community regulations.





Such law also includes the Spanish Integrated Energy and Climate Plan (PNIEC) and the 2050 Decarbonisation Strategy of the Spanish Economy as planning instruments to address the energy transition. The first must include the sectoral objectives, the policies and measures to be achieved by those sectors that participate in the emission rights trading system, the large industries, the electricity sector and the diffuse sectors (agricultural, forestry, transport, residential, institutional, commercial and fluorinated gases). The Decarbonisation Strategy defines the milestones to be met in order to achieve the goal of climate neutrality by the year 2050.

The Spanish Act establishes that the National Climate Change Adaptation Plan (PNACC) is the planning instru-

ment to promote coordinated action against the effects of climate change. Within the framework of the PNACC, strategic objectives and the definition of a system of impact indicators and adaptation to climate change will be established, as well as the preparation of risk reports.

The Just Transition Strategy is created as a state-level instrument aimed at optimising opportunities in activity and employment in the transition to an economy low in greenhouse gas emissions and regulates the Just Transition Agreements as instruments to materialise the actions.

The law establishes that the use of the non-flowing hydraulic public domain for the generation of electricity in the new concessions that are granted will have as a priority the support for the integration of non-manageable renewable technologies in the electrical system, particularly promoting hydroelectric plants reversible. The text provides that new exploration authorisations, research permits, and hydrocarbon exploitation concessions will not be granted throughout the national territory. Nor will new exploration, research or exploitation permits for radioactive minerals be granted, nor will new requests for authorisation of radioactive facilities be accepted.

The reduction of specific emissions in the air, maritime and heavy road transport sector is also expected through the integration of renewable energies and the establishment of objectives for the supply of biofuels and other renewable fuels of non-biological origin. In terms of mobility without emissions, it is established that measures will be adopted to achieve a fleet of passenger cars and light commercial vehicles without direct CO<sub>2</sub> emissions by 2050.

Finally, the Committee of Experts on Climate Change and Energy Transition is created as the body responsible for assessing and making recommendations on energy and climate change policies and measures, including regulations.

## 2021-2030 Spanish Integrated Energy and Climate Plan (PNIEC)

The PNIEC establishes the road map for the decarbonisation of the Spanish economy during the next decade, whose main goals are the following:

**23%**

reduction in greenhouse gas emissions with respect to 1990

**42%**

of renewable energy in the final energy consumption (20% in 2020)

**39.5%**

in energy efficiency

**74%**

of renewable energy generation, in accordance with the path to a 100% renewable electricity sector by 2050

## (PNACC2) National Climate Change Adaptation Plan (PNACC2)

In addition to the mitigation measures aimed at reducing greenhouse gas emissions, and taking into consideration that the climate change is already a reality, it is necessary to undertake adaptation initiatives to reduce the risks of climate impacts and seize the opportunities that may come up, strengthening the resilience of socio-economic and environmental systems.

In September 2020, 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 nature, monitoring of unwanted 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.

## Spain's Long-Term Decarbonisation Strategy

The Long-Term Strategy was approved in 2020. It seeks to articulate a coherent and integrated response to the climate crisis, capturing opportunities to modernise our economy and make it more competitive in a socially fair and inclusive manner. It is a road map aimed at achieving climate neutrality by 2050, reducing greenhouse gas emissions by 90% compared to 1990, the remaining 10% being absorbed by sinks. Intermediate milestones are set in the years 2030 and 2040.

## Just Transition Strategy

Published in 2020, the Just Transition Strategy is the national plan aimed at optimising opportunities in terms of activity and employment in the ecological transition towards a low-carbon economy. This strategy will allow to identify and adopt measures to guarantee equitable and supportive treatment for workers and territories during the said

transition. It is structured around 11 strategic objectives aimed at encouraging actions and guaranteeing the conditions to minimise the impact and take advantage of the opportunities within the framework of transition towards carbon neutrality.

## EDP Redes España: adaptation to climate change

As explained on the sixth report of the Intergovernmental Panel on Climate Change (IPCC), the scientific evidence of the existence of Climate Change is undeniable. Not only that, but the action of the human being is directly related to the climatic emergency that the planet is going through and is one of its main precursors. The changes that the planet will undergo due to greenhouse gas emissions will be 'irreversible for centuries, even millennia'. As a result, we must work to minimise the negative consequences of these changes.

In 2019, EDP España had already prepared the first Climate Change Adaptation Plan (PACC) for the 2020-2022 period, identifying and launching a set of 21 initiatives to be implemented over that period. After the approval in 2020 of the Second National Climate Change Adaptation Plan (PNACC2) in Spain, EDP decided to review the PACC, which resulted in EDP España's Second Climate Change Adaptation Plan (PACC2) for the 2021-2025 period. The PACC2 has taken advantage of the work already carried out, by incorporating new initiatives or adapting existing ones for it to be completely aligned with the PNACC2, thus turning it into a much more robust and consistent plan.

Derived from the preparation of the PACC2 for EDP España, a specific adaptation plan has been developed for EDP Redes España, which reflects the particularities of the Distribution Platform in terms of adaptation.

EDP Redes España's adaptation plan consists of five lines of action: Asset Management, Value Chain, Collaborative Platforms, Health and Safety and Natural Environment. A total of 9 initiatives have also been identified as part of their corresponding line of action. These initiatives are to be developed over the term of the plan.

Among the adaptation plan projects that are being carried out, we should mention the start of the works of the 'Hectárea Zero' project, with the first forest plantation in the council of Caso in the surroundings of the Tanes reservoir. The plantation will achieve the fixation of the slopes, thus avoiding the dragging of sediments and clogging of the reservoir. In addition to this adaptation objective, CO2 absorptions will be recorded, to be able to use them afterwards, thus offsetting emissions and reducing EDP Redes España's carbon footprint.

Furthermore, the first results of the Climate Risk Map project have materialised. The pilot has consisted of drawing up a map of landslide risks, which will allow to determine the risk exposure of our assets and carry out mitigation measures based on the priorities identified. The scalability of the project should be highlighted, since the risk map can be applied to any region, and other risks (floods, heavy snowfalls, etc.) can also be incorporated into the map, thus enriching the model and allowing to define risk exposure more precisely.

## Carbon footprint

The need to act against climate change forces us to take environmental measures aimed at mitigating greenhouse gas emissions, and to implement measures that minimise the risks associated with climate change.

The first step for an organisation is finding out the total greenhouse gas emissions resulted, directly or indirectly, from the activity performed by such organisation; in other words, to calculate its **carbon footprint**.

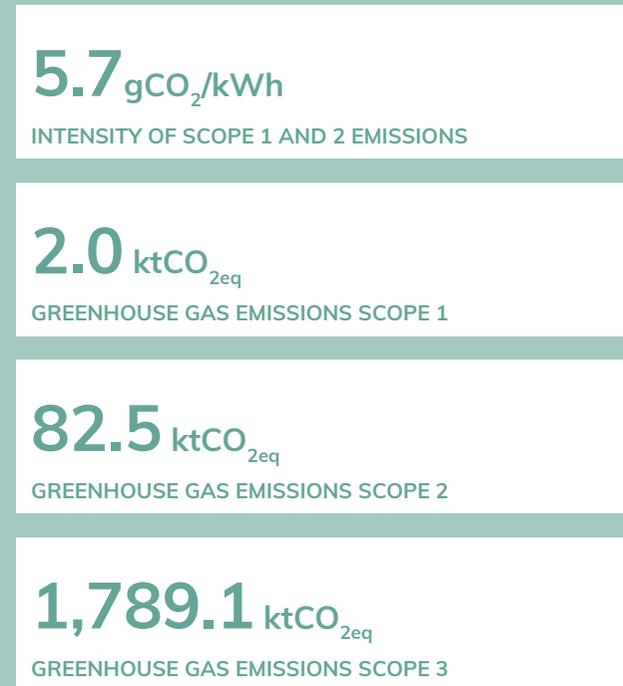
This footprint is defined in three scopes, according to the type of emission source, which in the case of EDP Redes España are the following:

The calculation of the carbon footprint of an organisation represents a double opportunity for it. On the one hand, it is the first step to determine its greenhouse gas emissions and establish emissions reduction and/or offsetting plans which will be reflected in the footprint calculation of the following years. And, on the other hand, these reductions also involve a reduction in costs, since they entail a reduction in the electricity consumption, a reduction in the transport expenses, process improvements, etc. In short, it is a change of habits and an increased environmental awareness.

EDP has announced in its 2030 Ambition its intention to be carbon-neutral with a 100% renewable production by 2030.

SCOPE 1	SCOPE 2	SCOPE 3
<ul style="list-style-type: none"> <li>● Use of fossil fuels</li> <li>● Use of fluorinated gases in cooling equipment</li> <li>● Use of SF6 in electric equipment</li> <li>● Own self-consumption</li> <li>● Own vehicle fleet</li> </ul>	<ul style="list-style-type: none"> <li>● Electricity consumption</li> <li>● Losses in electricity grids</li> </ul>	<ul style="list-style-type: none"> <li>● Transport of raw materials in bulk</li> <li>● Use of chemical products and oils</li> <li>● Water consumption</li> <li>● Business trips</li> <li>● Waste</li> <li>● Dumping to the sewage system</li> <li>● Purchase of retailed energy from third parties</li> <li>● Losses in electricity transmission not originated in EDP</li> </ul>

● DISTRIBUTION



### 3.3. Positive impact on society

#### 3.3.1. Safety and health

##### New Safety and Health Policy

The Occupational Health and Safety Policy has been renewed, but its purpose still is: strengthening safety culture from the 'Zero accident' approach.

As stated by the own policy in its preamble, health and safety is a value and a priority for EDP, which not only applies to workers, but also to all the suppliers, service providers, customers and other stakeholders.

This revision is due to the existence of a new regulatory reference for the certification of Occupational Health and Safety Management Systems (ISO 45001:2018), which places people at the core of the strategy, in a context of new occupational requirements resulted from the own progress of the business and from the digitisation of the processes. All is based on the highest international ethical standards and principles of sustainable development.

This new policy defines the main occupational health and safety commitments and principles which must be present in all the operations in the EDP Group, regardless of the company or geographical area, and as an integral part of the quality of the services and products developed.

Consequently, its effectiveness and the continuous improvement in occupational health and safety performance requires the engagement of all the management levels, being necessary to mobilise all employees, service providers, customers and the community in general regarding positive occupational safety commitments.

Thus, this update includes two more commitments with respect to the former 2016 version, putting a special emphasis on 'guaranteeing the engagement and consultation of wor-

kers and their representatives in the planning, implementation and assessment of occupational health and safety management performance'. In other words, it is a commitment to openness and the integration of employees, who now have the opportunity to have an active voice in the area.

This new policy also strengthens the 'Zero accident' ambition and the main commitment of protecting the installations and equipment, at a time in which the socio-economic contexts is still impacted by the pandemic.

##### SAFETY AND HEALTH POLICY

COMMITMENTS	PRINCIPLES
1. Healthy and safe work environment	1. Occupational health and safety is present in all the decisions made in the activities of the EDP Group.
	2. Safety is based on the observance of and compliance with the laws and regulations.
2. Guaranteeing compliance with the laws, as well as the training and awareness about risks and regulatory compliance	3. The promotion and training about safety rules among workers is the responsibility of their managers.
	4. The activities of the company are performed under the 'Zero accident' premise.
3. Minimisation of hazards and protection of the installations and equipment	5. Safety in the activities is achieved by a systematic analysis of the risk involved by such activity.
	6. The continuous improvement process in the prevention of occupational accidents is achieved through the analysis of past incidents.
4. Involving the workers in the planning and implementation of occupational health and safety management	7. The reports containing accidents that have been close to happen, as well as the concerns of the workers regarding safety, are always welcomed.
	8. The safety procedures are subject to constant revision and updated.

The Board of Directors of EDP Redes España has adopted this policy in its meeting dated 28 July 2021.

## Health and safety performance

During 2021, health and safety management protocols have been prepared to address with safety guarantees the processes that involved the movement of many people, such as the case of the elections for the Joint Participation Pension Plan Control Committee.

Due to the many updates sustained by the Protocol of the Occupational Health and Safety Management Services about the exposure to SARS-CoV-2, prepared by the Spanish Ministry of Health, it has been necessary to regularly modify and update the assessment of the exposure to the COVID-19 risk by EDP Redes España team and installations as a whole.

A daily analysis has been conducted on the different national and regional regulations on COVID-19 matters to have an updated view of the provisions applicable in each territory in which we have work sites in Spain.

The strategy initially adopted was to conduct PCR tests every six weeks to the entire staff who had to work onsite on a daily basis, which was subsequently replaced by antigen and PCR tests on the staff who worked onsite and specifically to the essential or critical staff in offices or control rooms, as well as the breakdown service.

Likewise, a voluntary monitoring of the vaccination status of employees was conducted. The development level of this vaccination process allowed to replace PCR tests by ELISA texts, for virus immunisation control.

Since it is private information and personal data, the medical monitoring data that are published are total and not segregated by activities, and thus they correspond to the whole of the EDP employees in Spain, including EDP Redes

España. By way of summary, throughout last year, 2021, a total of 8,403 COVID tests were performed, out of which 8,000 samples were taken in the Health Services in Asturias, which represents 95% of the total tests, the remaining employees directly going to arranged laboratories.

The following was detected:

- 28 PCR positive samples and 3,341 negative samples;
- 12 positive antigen tests and 2,987 negative Ag.

1,262 ELISA tests and 773 rapid serological tests have been also conducted.

Throughout this year 2021, the monitoring of all the COVID-19 cases in the in-house staff, trainees and subcontractors that were working in our premises was maintained. 164 cases were recorded. Out of the total, approximately half of the affected staff was able to continue teleworking, not taking a leave. As for the number of people that took a leave, it was 5% of the total staff.

EDP Health Service has been always in contact with the staff affected by COVID-19 until they resumed their work.

As regards vaccination, in the EDP España Group, together with the Renovables España staff, as at 31 December 2021, 1,671 people had communicated that they had received at least two vaccination doses, which represents 81.44% of the entire staff in Spain.

Among the activities performed by EDP Health Service, it should be also highlighted its engagement in the flu vaccination process, such vaccine being administered to 27% of

Group employees in the company's own service.

Other management milestones as regards health and safety management in the year are:

- As concerns health and safety management, the companies of the Viesgo Group have adhered to the Joint Health and Safety Service of EDP España.
- Additionally, the scope of the Health and Safety Management System have been extended to the entire EDP Redes España.
- New benefit society for Viesgo and Begasa employees.
- Health insurance extended to Viesgo and Begasa employees, within the Flexible Remuneration Plan (PCF).
- ISO 45001 certification: Certification Monitoring Audit on the Occupational Health and Safety Management System has been conducted, which has verified the implementation of the system with respect to the requirements specified in the ISO 45001:2018 reference standard.
- Mobility and road safety plan: in the process of preparing this plan, during 2021, the first diagnosis stage has been concluded with the performance of an online survey and interviews of the staff who had had accidents over the last three years.
- Drills: a total of 16 drills were performed in the Grid Platform.

2021 has been a real challenge and we have overcome it with flying colours: the reduction in the number of accidents and in the frequency and severity rates has been drastic, being 50% less than the previous year.

And all this in the year that saw distribution companies being integrated and the launch of platform management, in the middle of a pandemic resurgence, with some ambitious economic and operational objectives... It was the perfect storm, but thanks to the commitment of our employees, we were able to achieve our goals. Great work!

In 2022, we are committed to the challenge of continuing to drive improvement,

creating a strong preventive culture that can lead us to the only possible destination: zero accidents. This is especially important as we move forward in the energy transition with the most extensive investment plan in recent years and a complete operational transformation.

Ramses Garrote García  
H&S

## Vega Project: Viesgo, BEGASA and E-Redes integration process

This project has just completed its first year in identifying and implementing best practices, unifying procedures and establishing common criteria in the management of the EDP Group's electricity distribution business in Spain.

In the area of health and safety, 10 initiatives have been implemented within the Vega project, 70% of them being carried out during 2021, including aspects related to accident management, work supervision, contractor management or process digitisation, among others.



## Safety Walk & Talk

The Safety Walk & Talk initiative consists in visits to company or partner company facilities by the management team and other members of the organisation to observe what is happening in the workplace, engage in dialogue with workers and provide suggestions for improvement, especially on safety and health and environmental issues.

- Behaviour-based safety tools.
- They strengthen employees' preventive HSE culture.
- They help to break habits and routines related to daily work situations.

Eight Safety Walk & Talks were held in 2021, two of which were carried out together with members of the EDP Redes España Board of Directors on 28 and 29 October at a 22 kV transformer substation equipped with an LV advanced monitoring system located in Oviedo, and at the comprehensive refurbishment of the 132/30/12 kV substation in Santa Cruz de Mieres, in which they were able to learn first-hand about the preventive and environmental management of the company's field work.



As a new development, during the COVID-19 health crisis, these visits were conducted virtually, with teams connected via TEAMS and broadcasting live the images of the works under monitoring. This way, the initiative was not

suspended, and we were able to keep reflecting on health and safety management as a continuous improvement goal to achieve increasingly safer work environments.



## Playitsafe: new safety programme of the EDP Group

In the current context in which we live, safety and well-being have assumed a fundamental role, both in the personal and professional life. Thus, recognising such importance, EDP has launched the Playitsafe programme.

This is one of the Changing Tomorrow Now ... With You projects and seeks to raise awareness among all employees about the importance of adopting safe behaviours.

Playitsafe is a cross-cutting project through the entire Group and will have a four-year duration. During this period, the proposal involves the continuous improvement of the company and its procedures, with a special emphasis on accident prevention.

Thus, the programme will be developed around six priority areas, fundamental for the achievement of the accident reduction targets:

Commitment and involvement of our leaders in health and safety management matters

Promotion of safe behaviours and learning from mistakes

Digitisation of processes and operations

Strengthening of health and safety management skills

Communication and involvement regarding health and safety management

Management of the procurement chain

## Psychosocial Risks and Well-Being Assessment at EDP

The 2020 materiality study identified psychosocial risks as an emerging issue, which has been further exacerbated by the pandemic.

In this regard, during 2021, we have stressed the importance of having a culture focused on people, on their well-being and on their quality of life as EDP employees, but also and above all as people.

As part of a comprehensive approach to the subject, a Psychosocial Risk and Well-Being Assessment was launched across all Group companies, the aim of which was to analyse the quality of well-being and working conditions in order to take stock of the specific actions that need to be implemented in each area.

Additionally, since the review of the psychosocial risk assessment coincided with the psychosocial survey conducted by the EDP Group on a global level, the work to review it was initiated, seizing the quantitative results of the conducted survey and starting an interview process in EDP España and EDP Redes España, in the qualitative part of the risk assessment, having conducted a total of 346 interviews, together with visits made to work centres to evaluate aspects related to psychosocial risks.

## Mind Your Mind

Well-being is a key foundation for successfully achieving our goals and, through the playitsafe programme, we work on our processes, benefits, and behaviours to improve well-being.

Mental health is undoubtedly one of the most important and priority aspects of our well-being. Therefore, to coincide with World Mental Health Day on 10 October, the Mind Your Mind global campaign was launched, with the aim of reminding people of the importance of mental health, the empowering role of exercise and nutrition, and also the importance of talking about mental health without taboos.

This reinforces mental health as another aspect of occupational health and safety at EDP and, following the campaign, work is ongoing to promote and prevent mental illness, ensuring responses and support services in all the Group's companies.



### 3.3.2. Organisation ready for the future

The strategic areas of EDP include being a global, agile and efficient organisation focused on people. For this purpose, an ambitious people and organisation strategy has been defined:

- To offer its people a humane and significant experience, reviewing the EDP purpose and values, and defining and applying specific measures in terms of health, well-being, flexibility and new ways of working.
- To invest in employee assessment and internal talent retaining.
- To promote opportunities for development for all its people.
- To invest in the collaboration and promotion of mobility, as a way to share knowledge and individual and organisational development.
- To consider diversity and inclusion as accelerating elements indispensable for innovation, promoting to attract and retain female workers and people with disabilities, being able to adjust its staff to the challenge of leading the energy transition, through generational renewal and retraining.
- To promote agility and efficiency, implementing a digital training programme and increasing the digital appeal initiatives.

During 2021, 52% of EDP España employees have worked under a hybrid model, with three onsite days and two teleworking days, always subject to the restrictions set out by the different pandemic waves. This model has undoubtedly had an impact on a better balance between personal and professional life, flexibility and people training.

In this context, different surveys have been conducted, among which the Annual Climate Survey stands out, in order to know the employees' perception.

The 2021 Climate Survey has reached a participation rate of 84% in EDP Redes España. Since it is the first time that Viesgo participates in this survey, we cannot make a comparison with respect to the global participation in the last series, although on an EDP España level, it would have been one point higher than in the global 2019 survey.

EDP Redes España ratings in the two most relevant areas, Commitment (Engagement – 61%) and Organisation Support (Enablement – 57%), are slightly below the ratings in the previous survey (66% and 63%, respectively). Likewise, these data are not comparable, given that Viesgo did not participate in 2019.

It is worthy of note the positive data in the following dimensions: Work models (84%); COVID-19 and pandemic management (83%); Line Manager (75%); Quality and Customer-based (72%); Resources (72%); and Respect and recognition (71%).

Durante 2022, the exhaustive results will be communicated to the platform and the respective teams so they can develop corporate action plans in the different areas, according to the results obtained in each of them.

#### Attracting and retaining talent

As at 31 December 2021, the EDP Redes España staff is made up of 559 employees, with a 17.2% percentage of women.

During the year, 13 people have joined the company, which allows us to continue with the staff renewal process, and

43 have been able to join other areas of the Group, encouraging position rotation.

In 2021, I would highlight two milestones: the integration process of the three distribution companies, which has allowed us to discover that, although the activity is the same, it is not always carried out in the same way, something which has led us to assess practical improvements and apply them to everything;

and, on the other hand, the return to face-to-face work for the entire workforce and the feeling of partly regaining the normality from before COVID-19.

For 2022, we have many challenges, such as the completion of the integration process at EDP Redes España, the Grid Platform initiatives, etc., but I would highlight the implementation of the Investment Plan, which is the highest in our history,

and besides, in a very complicated international context that we all hope will be resolved as soon as possible.

José María Rey Paredes  
Management Deputy

## Organisation

In 2021, the platform management model was implemented, which is a model that allows to focus strategic initiatives, create synergies, and take into account international best practices, while complying with regulatory frameworks and the specific requirements of each distribution company in the area in which it operates.

Through this model, management responsibilities are shared among the companies of the holding EDP Redes España, building a more versatile and resilient organisation, supported by a greater capacity for collaboration among managers. It also broadens the diversity and challenges faced by employees working on the platforms.

## Viesgo integration

The integration of Viesgo employees into the EDP Group has involved various challenges for the company during year 2021. In order to achieve this goal, a series of activities were carried out throughout the year to help employees in their onboarding process, through training and socialising workshops and Viesgo's integration in the EDP management model.

By way of example, during the months of September and October, cross training sessions have been organised in the Platform for the integration of the Viesgo Distribución staff in Mieres at the E-Redes premises in La Corredoria, being involved in this process the Substation and Operation, Maintenance and Construction Departments.

Initially, the emergency measures of the new centre and the information about the risks in the premises in which they are going to work have been reviewed.

With this same vision, internal trainers from both companies have subsequently organised technical sessions aimed at training both groups in the different work practices, both Viesgo Distribución and E-Redes.



Another example is the 'Who is who?' initiative, through which workers can share a video about an 8-question questionnaire in which they can share, among other aspects, their name, work centre, responsibilities and curiosities.



And finally, the initiative 'Coffee with...!', in which, a virtual coffee is the opportunity to meet new colleagues and have a chat with them, to contact persons from other departments, to better understand the structure of the different areas and, in sum, to create a personal network favouring professional and personal relationships.



## People development

The development of people at EDP seeks to address new ways of learning, guaranteeing the updating and requalification of critical skills necessary to achieve the organisation's objectives in the short, medium, and long term, without forgetting people's individual needs.

EDP development model is implemented through a series of initiatives and programmes based on the 70-20-10 methodology, which include work station experience (70%), initiatives regarding learning by sharing knowledge and the development of relationships (20%) and training (10%).

70%

EXPERIENCES IN THE WORK STATION

20%

LEARNING INITIATIVES BY SHARING KNOWLEDGE AND DEVELOPING RELATIONS

10%

TRAINING

The 2021 Training Plan ended with a total of 17,430 hours of training and 634 participants and an investment exceeding €180,000. The main focus that defined the finalised training plan was to facilitate the integration of Viesgo, with the development of specific onboarding or training initiatives in the corporate tools necessary for their regular work.

In 2021, the company also continued its efforts in digitisation, which is reflected by the fact that 86% of the courses in the training plan were carried out online or virtually through Teams.

Within the people development process, the performance management process is particularly significant, through which 100% of the Group's employees are assessed annually based on ESG factors, with impacts on bonuses and perks, as well as on non-financial aspects.

Following the annual appraisal and the corresponding feedback meetings with management, each employee has first-hand and useful information on their performance, which allows them to establish their own individual development plans, both in terms of training and career development.

### Mindfulness

Lockdown and teleworking have brought along countless advantages into our daily life, but also some negative aspects, such as an isolation feeling and the lack of contact among colleagues. For this reason, during the month of April, it was set in motion the Mindfulness programme, some workshops to help to manage work and thoughts, aimed at learning how to manage stress levels, time and emotions.

## Communication

During 2021, the + Personas newsletter started to be published, as a project to bring all the human resources processes and initiatives closer to the workers. The bulletin has been especially useful as well regarding the integration of Viesgo employees; all the courses and news have been published on it in order to favour the integration of the new employees. Throughout the year, 12 numbers of the bulletin have been sent to the entire staff and the number of visits has been 70%.

Some of the topics addressed in the monthly newsletter comprise a staff selection section with a summary of the newly-recruited employees, a training section with a list of the courses and workshops that are going to be held on this matter and a Family Responsible Company section, in which the benefits offered by EDP on this field are explained. Plus, it includes other human resources highlights of each month.

## Culture Committee

After the changes experienced during the year, such as Viesgo's integration, teleworking or living with the pandemic, the end of the year was considered a good moment to reactive the Culture Committee. In this committee, since 2018, cross-cutting projects are carried out with the goal of changing, from different business areas, our work culture. In the month of December, the research process has been initiated to know the current concerns in EDP and, starting from there, we will define the challenges that must be tackled.

## Recognise programme

The purpose of the Recognise programme is assessing and reinforcing the different contributions made by EDP España employees both on an individual and team/project level. Through this programme, the company recognises the merit of behaviours, actions and results that deserve to be highlighted throughout the year.

In its first series, 10 awards were granted on an individual level and 5 awards were granted to teams.

## Labour rights and social benefits

The 3<sup>rd</sup> Collective Agreement of the Group is still in effect, although different negotiations processes have been carried out with the workers' representatives during 2021, introducing new matters pending regulation, new organisational needs in Generation and centralisation needs in the Breakdown Service in Distribution.

Likewise, a COVID Coordination Committee was created with representatives from the different areas of the company, and another committee was created to liaise with the trade unions representing the workers from all the companies of the EDP Group in Spain, with the aim of keeping up to date the information on preventive measures to be applied and guarantee an appropriate coordination in the implementation thereof.

Plus, a Teleworking Agreement has been signed, which will regulate the situation for the post-pandemic period. This agreement was signed by all the trade unions of EDP Redes España (Hidrocarbónico Distribución Eléctrica and Viesgo Distribución).

In 2021, trade union elections were also held in Hidrocarbónico Distribución Eléctrica, as well as Elections for the Pension Plan Control Committee, using a digital platform for online voting, given the pandemic situation. The participation rate was equal to those of the previous years, constituting a reference for future election processes and other type of voting.

The Labour Affairs Committee worked throughout the year on labour matters in continuous dialogue with the workers' representatives.

### Viesgo Agreement

One of the most significant milestones was the signing of the 4th Collective Agreement of Viesgo, in August 2021, with Viesgo representatives, as well as the Agreement about organisational efficiency of Viesgo Distribución Eléctrica SLU and BEGASA.

The signing of this agreement is a major milestone for the integration of this company into EDP España, unifying labour conditions in both companies with the 3rd Collective Agreement of EDP España, which expires in 2025. The signing of the agreement involves the integration of Viesgo employees in the remuneration structure level and

the professional classification of EDP. The agreement contains the regulation of the labour relations among the companies included in its scope and the employees in the staff thereof.

This agreement will be in effect until 31 December 2025, and it applies to the staff covered by the agreement of the Viesgo Group companies. This agreement is a major milestone in the labour relations and in the integration process of the companies in which they currently are.

## EDP is commitment to people

For EDP España, each employee's family and private life is 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:



### QUALITY IN EMPLOYMENT

They are aimed at promoting stability and reducing temporariness, developing flexi-safe positions, flexible remuneration programmes à la carte and benefit programmes, and implementing programmes aimed at improving health and personal well-being.



### TEMPORARY AND SPATIAL FLEXIBILITY

Vision of working hours flexibility and distribution of the working day in other temporary periods, teleworking, leaves, extended leaves of absence preserving the position.



### SUPPORT TO THE EMPLOYEES' FAMILIES

Conceived to respect, facilitate and favour the employee's relationships with their family members. These measures are aimed at maternity, paternity, aid to the employees' children and major dependents, etc.



### PROFESSIONAL DEVELOPMENT AND SKILLS

These are designed to promote long-span careers compatible with the employees' private life.



### EQUAL OPPORTUNITIES

Designed around diversity with the goal of ensuring and promoting equal opportunities, especially, related to gender, disability, age, race, nationality, etc.

All these aspects are organised through the EDP is Commitment to People' programme, which consists in a portal in which advantages, services and healthy habits are offered to employees with the goal of making balance between the personal and professional life easier for employees. The EDP is Commitment to people programme is integrated into three lines of action:

- EDP is work-personal life balance, offering and providing services for the employees' personal life.
- EDP is healthy, an action plan based on nutrition, sports and well-being to try to improve the quality of life of EDP employees.
- EDP is Benefits Plus, an initiative that makes available for the employees who are interested a portal to access many exclusive offers of the main market brands.



[CLICK HERE TO GO TO WEBSITE](#)

EDP is commitment to people

## Family Responsible Company (efr)

Recognising the company's practices as regards personal and professional life balance of its employees, the Fundación Másfamilia renewed the company certification, improving its rating to level B+.

EDP España is certified as a Family Responsible Company on an integrated level for all its companies, including EDP Redes España, having thus achieved the maximum observance of and commitment to the most demanding policies in this field on a global level. This certificate granted by the Fundación Másfamilia was renewed between 1 and 4 March by an authorised external entity; the audit was performed remotely, due to the pandemic.

In this renewal, we have achieved level B, which means that we are a proactive company, with a clear vocation for improvement on the matter. We have already internalised part of the EFR culture in the management styles and in the management processes.

For the next step, it is planned to interview employees in order to gather information about the knowledge and the use of work-personal life balance measures for an improved dissemination thereof.

## Equality

Within EDP Redes España, E-Redes (Hidrocantábrico Distribución Eléctrica) has its corresponding Equality Plan approved in 2020, which gathers 50 measures aimed at promoting a culture that attracts potential and talent, that fosters personal and professional development, that commits to flexibility, recognising and rewarding excellence and merits, creating an environment of respect, diversity and equal opportunities for all people.

With this plan, EDP Redes España company keeps progressing in equal opportunities for men and women, thus contributing to achieve equality between genders as part of the foundation of Sustainable Development Goal 5, and in line with the strategic target of the EDP Group of reaching by 2025 30% of women in its staff and the same percentage of women in management positions, and reaching 35% in both ratios by 2030.

The development of the Equality Plan of the companies of the Viesgo Group is expected for 2022 under the same parameters of the E-Redes Equality Plan.

### Principles of the Equality Plan

PREVENTION	of any behaviour against equality, and contribution to the protection of effective equality values between men and women in their labour relations.
PROTECTION	in the labour sphere of the effective equality values and work-personal life balance, under the best conditions possible, of the family and work life of employees.
GLOBAL DESIGN	of the Equality Plan for all the people comprising the EDP España Group, men and women.
INCLUDING THE GENDER PERSPECTIVE	to guarantee the effective implementation of the equality principle in the entire group.
MONITORING, ASSESSMENT AND CONTINUOUS IMPROVEMENT	of the Equality Plan.
GUARANTEEING	the necessary human and material resources for the effective implementation of the Equality Plan in a work environment in which all people are treated with dignity and respect.
FAVOURING A PROFESSIONAL ENVIRONMENT	that fosters equal labour opportunities and prohibits discriminatory practices, paying special attention to the different types of harassment.

### 2021 figures



As one of this year's highlights, a Workplace Harassment and Violence Committee has been created within the Equality Committee, and the Workplace Harassment and Violence Committee channel (CIAVL) has started operating.

This channel is organised according to article 106 of the 3<sup>rd</sup> Collective Agreement of the EDP España Group, which im-

plements the protocol against workplace harassment and violence. Through this reporting channel, any employee may report any workplace harassment and violence they may think they might have suffered or currently be suffering, or if they believe that a person close to them is suffering this kind of behaviour.



### AEMENER

During 2021, our support to the Spanish Association of Women in Energy (AEMENER) has been maintained, involving a permanent collaboration in the activities of the association to appreciate and give visibility to the role of women in the energy sector.

Among other projects, we 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.



### Mujeres Asturianas STEAM (MASSTEAM)

It is an education immersive guiding project through mentoring activities in companies. 22 students from the MASSTEAM programme participated in this initiative, accompanied by five EDP España mentors. The students of the programme are guided by STEAM professionals to learn about their experience and the actual application of their academic training.



### VocacioneSTEAM

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



### Futuro En Femenino

It is worthy of note the participation in the workshops of the project promoted by the newspaper El Comercio, both in the opening session and in the talk about equality for 11-year boys and girls (last year of the primary stage) of the School Codema in Gijón, with the involvement of the people management team of EDP España.

## Volunteering

This year is the 10th anniversary of the Volunteering Programme of the EDP Group. A decade marked by and focused on making a positive impact on society. The engagement of more than 40,000 volunteers, in partnership with more than 4,000 social organisations, has allowed to impact the life of around 2 million people.

It is being commemorated with different initiatives, which include the publishing of the first Impact Report '10 years of transformation, 2011-2021', aimed at telling the stories of this decade of transformation, also including the results and impact of the volunteering projects, the statements of volunteers who have wanted to share their experience and their overcoming stories.

### Focus Group and global survey on EDP volunteering

In 2010, before the implementation of EDP Volunteering Programme, a survey was conducted among all the employees to know their interest in participating in volunteering initiatives. This year, on its tenth anniversary, has been the perfect moment to repeat such survey, which will help to devise the 2025 volunteering strategy.

The 1,840 employees who participated, out of which 67% are volunteers, have stood out the following aspects:

Likewise, the areas identified for performing volunteering work are:

**67%**

Education-related activities to raise awareness among the younger generations about energy matters

**61%**

Actions to improve energy efficiency of dwellings and buildings

**59%**

Training actions on energy saving, renewable energies and energy sustainability matters

**5%**

Sharing of other project/initiative ideas

1. **Face-to-face volunteering**
2. **Contributing personal/professional skills**
3. Participating in projects aligned with their **personal social and environmental concerns**
4. Supporting **local-impact projects**
5. **Volunteering with colleagues**
6. Supporting **strategic projects** in which the company has a differential value

As a measure to improve communication about initiatives, participation opportunities and results, in 2021, a quarterly newsletter started to be sent to all the EDP Group volunteers, which has been very well received.

In figures, already assigned to EDP España, 26% of employees have participated this year in one or several initiatives promoted by the Volunteering Programme.

### 2021 Distribución Volunteering

**162**

2021 ACTIONS

**117**

EDP HOURS

**14**

BENEFICIARY ENTITIES

**114**

2021 VOLUNTEERS

**12**

INITIATIVES

**262**

HOURS

**146**

PERSONAL-TIME HOURS

**20**

% PARTICIPATION OUT OF THE STAFF

## Noteworthy volunteering projects of the year

### 1. Energy campaign

This, year, the EDP Volunteering Energy Campaign has been focused on energy from and for people. With this aim, participants were suggested to share energy in a different way, through a Solidarity Challenge in which various companies and schools, EDP employees, retired people, friends and family collaborated. Furthermore, the 'Move you heart' initiative invited to walk 3 km together with the EDP Volunteering team, with the goal of adding more energy for a good cause.



1,530 were raised from the tickets, which were fully allocated to the Asociación Síndrome de Down Asturias. The Spanish EDP Foundation donated the same amount collected from the tickets to soup kitchens and, furthermore, it added €1 per each kilometre recorded on the app. In total, €9,476 were donated by the EDP Foundation to the Food Bank, the Soup Kitchen and the Siervas de Jesús congregation.

This Solidarity Challenge was also taken to schools, in order to add energy from the children's energy, who contributed €1 per kilometre done in a relay race. Thanks to the participation of the 1,490 Preschool and Primary children from the schools Verdemar in Santander, Rio Piles in Gijón, and Germán Fernández Santos and Dulce Nombre de Jesús in Oviedo, 858 additional km were contributed. For their help, the little ones were gifted aprons to colour and the Primary students were given a Dymo torch.

Thanks to everybody's energy, €11,900 were raised. The EDP Foundation contributed an equal amount, donating €4,000 to the Soup Kitchen, €4,000 € to the Food Bank and €4,000 € to the Breakfasts served by the Siervas de Jesús congregation.



### 2. Emergency response: victims of the volcano in La Palma

By the end of November, the employees requested an initiative to help the victims of the volcano in La Palma in the emergency situation.

In addition to the employees' donations, the EDP Foundation contributed €15,000, reaching the figure of €26,522, which were donated through Cáritas to directly help the 600 people from the 220 families from the island of La Palma, in Santa Cruz de La Palma and Los Llanos de Aridane.

With the numerous solidarity contributions received, Cáritas Diocesana in Tenerife has enabled and fitted out some premises assigned for the rehoused population, who were also given staple items. Likewise, the families have received economic support through supermarket vouchers and the implementation of solidarity bank cards.



3. 2021 Christmas campaign



This year, the Christmas campaign included 8 initiatives, 478 actions, 319 EDP volunteers, 1,476 direct beneficiaries from 7 beneficiary organisations and a total of 420 volunteering hours.

Among the initiatives, we can mention Solidarity Oil, which raised €1,876 allocated to Fundación Emalakat for the creation and repair of wells in Turkana and Nyangatom.



The solidarity sports initiatives consisting in a solidarity paddle tournament and an EDP Volunteering solidarity football mini-league were also very well received, resulting in the purchase of 200 vacuum flasks for the soup kitchen managed by Siervas de Jesús.



Another initiative of the Christmas campaign has been carried out with the Association for the Support of People with Cerebral Palsy (ASPACE), which decorated bottles with Christmas motifs, the sale of which allowed to raise funds for their Musical Therapy Workshop. The calendar of the Asociación Down Asturias was also for sale to support such organisation.

Lastly, 'Haz de Rey Mago' is still one of the initiatives best received by employees. This year, they have spread magic and smiles to 93 families without resources, whose little ones saw the wishes in their letters to Santa came true. And we also brought Santa and smiles to Bilbao, where toys were collected for 10 more children from vulnerable families identified by Cruz Roja.



### 3.3.3. Sustainability in the value chain

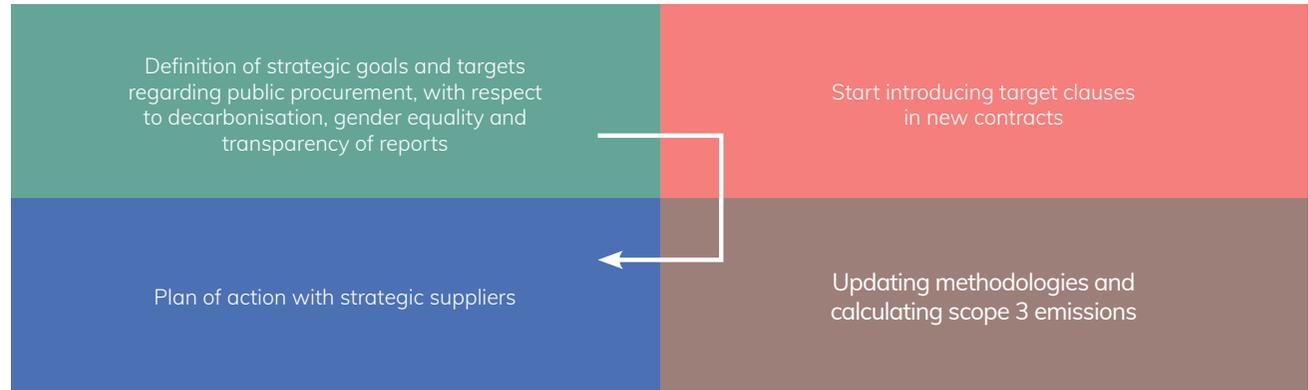
To guarantee sustainability in the entire value chain, EDP is aware of the importance of getting partner companies involved. The collaboration between EDP and its chain value promotes, by way of example, transparency, decarbonisation and a reduction in the social and environmental impacts.

For its management, a Specialised Sustainable Procurement Committee has been created, integrated in the Sustainability Committee, comprised by the sustainability, procurement and stakeholder management, ethics, audit, compliance and business continuity.

Some of the highlighted aspects are the following:

- Ethics: training for service providers (contractors)
- ESG assessments: ESG audits of critical suppliers
- Approval of two new policies, with a prescriptive nature, applicable to all their decisions and business transactions, including the supply chain: human and labour rights policy and integrity due diligence procedure for suppliers and third parties.

## SUSTAINABLE PROCUREMENT STRATEGY



OUR VALUE CHAIN GOALS	2025 TARGET
Systematically reducing accidents	Cero accidentes
Protecting human rights in the supply chain according to Ruggie principles – Global Compact	100%
Auditing suppliers with critical ESG risks	100%
Assessing 100% of critical suppliers on sustainability matters	100%
Environmental certification of suppliers exposed to high risks	100%
Health and safety certification of suppliers exposed to high risks	100%

## Supplier management process

Through the EDPartners programme, the Groups guarantees the integrated coordination of all the activities related to sustainability in the value chain.

Thus, a supplier criticality analysis is established, defining minimum ESG requirements in each contract, which all the

suppliers must accept and meet, since they are not subject to negotiation, and, according to the specific risk of the supply, they may include the requirement to submit certifications in quality, environmental and occupational health and safety management systems or even their direct audit.

The minimum sustainability requirements are defined in the Supplier Code of Conduct, the Procurement Policy and the Contractual Conditions. Likewise, there is a supply recording system which, together with the rating and assessment system of EDPartners, allows to improve performance in the supply chain.



Specifically, in EDP Redes España, during 2021, 51 critical suppliers have been identified, and all of them have been audited based on sustainability criteria and have been communicated their performance, as well as the areas and aspects to be improved. In terms of data obtained, the quality of the provided service has been rated 90.8 points (out of 100); environmental matters, 99.4; occupational health and safety management, 91.3; and ethics and human rights, 100.



Go Supply is the supplier classification tool used by the Group, which is free of charge for suppliers, who can register through a link on the EDP website, or at the request of the Global Procurement Unit (UPG).

The Viesgo System was integrated into Go Supply in October, together with the EDP System, so that there would be no duplicate systems. Viesgo suppliers that were not registered in EDP were migrated to its system, keeping the Group's system questionnaires and weighting.

Financial risk, compliance, and operational and geopolitical indicators are measured in this tool, obtaining a complete report from each supplier with general aspects related to the supplier in terms of activity, workplaces and applicable commercial certificates, together with other relevant information with regard to finance, insurance policies, quality, environment, OHS, sustainability (transparency reports,

human rights, family responsible company, among others), compliance, GDPR, tax obligations and cybersecurity.



### 3.3.4. Projects and activities with stakeholders

Local communities are one of the priority groups in the social environment and territorial segment.

In the current context of energy transition and faced with the closing/restructuring of the coal plants, the priority local communities are the municipalities in which these facilities are located, given their direct impact, but also the surrounding municipalities, as set out by the current Just Transition Committees Agreements (Caudal-Aboño, Valle del Guadia and Campo de Gibraltar).

Other municipalities are also priority under the concept of social license to operate. In the Generation Platform, this cate-

gory is assigned the municipalities with hydraulic assets; in the Grid Platform, rural municipalities risking depopulation; and in the Customer Platform, the action is linked to areas in which there are relevant marketing campaigns and/or positioning.

For their management, EDP España has a 2020-2021 Local Community and Town Council Action Plan. The initiatives developed within this plan are part of the Social Investment Plan of EDP España according to the Social Investment Policy of the EDP Group.

Among the initiatives carried out during 2021, the following stand out:



In June 2021, the third series of the Entama programme was launched. This time, as its main novelty, the geographical scope has been extended, including all the Asturian municipalities in which there are distribution assets, always provided they meet the classification of rural municipality at risk of depopulation, according to the framework of Law 45/2007, on Rural Sustainability, that is, those that have less than 5,000 inhabitants or whose population density is lower than 100 inhabitants per square kilometre.

This way, the scope of the Entama programme is extended to 100% of the Asturian territory covering the areas of influence of EDP Redes España. For 2022, it is

planned to include the municipalities in the distribution areas of Cantabria and Lugo that are defined as rural areas to be revitalised:

- Cantabria: municipalities of the western mountain, Campoo-Iguña and the eastern mountain.
- Lugo: central Lugo region and As Mariñas

This year, 22 new applications from 14 municipalities have been received, 8 new projects being accepted.

#### Position of the programme

The book La Agenda 2030 en Asturias: Buenas prácticas empresariales y organizativas, prepared by a research team of the Business Management Department of the University of Oviedo singles out the Entama programme as an example of good practices with an impact on the 2030 Agenda and the Sustainable Development Goals in Asturias. Entama is included in the Prosperity block, as an initiative that promotes economic development and job creation in an inclusive way.

Likewise, Entama has been recognised as a corporate Good Practice by the Chambers of Commerce of Asturias, within the Development and promotion of 2030 Agenda SDGs in Asturias project.

Other entities that have highlighted the programme in 2021 have been the Quality Club or the Observatory for Inclusive Growth, among others.

## Go!ODS awards

The Entama programme has been recognised in the third series of the Go!ODS awards as the initiative that best contributes to the compliance with SDG 11 (sustainable cities and communities).

The Go!ODS awards, organised and managed by the Spanish Network for the UN Global Compact, recognise and support those innovative projects that contribute to the UN Sustainable Development Goals. These goals establish the specific targets that must be achieved in the coming decade to ensure everybody's prosperity as part of the new sustainable development agenda.

The goal of the Entama project is to generate wealth, create employment and settle rural population by supporting local proposals that have the capacity to generate added value and economic growth in a sustainable way and with future prospects. Thus, EDP has promoted tourism, organic farming and elderly care initiatives.

The Entama is aligned with the 2030 Agenda and has a direct impact on SDG 11, through the promotion of employment under equal opportunities and inclusion conditions, supporting the launch of sustainable projects in rural areas.



### Engagement and dialogue

New communication channels have been opened with town councils and other neighbour associations. We should highlight our contact with the council of Tineo or Foz, in the municipality of Lugo, in both cases with significant investments and projects by EDP Redes España.

### Commitment to the community

Based on the budgets assigned to the production centres, local sponsorship and support initiatives have been maintained, in coordination with the DASIC, to guarantee their alignment with the Social Investment Plan. By way of example, tablets have been given to associations/groups with special needs, among other actions.

### Job creation

Procurement with local suppliers: new suppliers from the municipalities included in the plan have been incorporated.

Technology camps: once again, this year, the success of local technology camp programmes from previous years repeats itself. These are camps that seek to bring new technologies closer to children aged from 10 to 15. In 2021, they were organised in the municipalities of Proaza, Quirós, Sobrescobio, Caso, Tineo, Carreño, Belmonte, Morcín, Ribera de Arriba and Teverga, with more than 120 participants.

As an aspect to be highlighted, the coordination of these camps in the summer season makes work-family balance easier for families. This fact, along with the own contents of the programme, result in an excellent satisfaction rating

reported from town councils and official bodies (rating of 4.5 out of 5).

### Environment

Eradication of pampas grass (cortaderia seollana): in 2021, Viesgo joined the alliance of environmental and social NGOs and the Regional Ministry of Rural Affairs, Fisheries and Food of the Government of Cantabria in order to carry out the LIFE+ Stop Cortaderia project. The aim of this initiative is to remove pampas grass in coastal areas of the Natura 2000 Network and to contain the expansion of this invasive plant towards the interior of the region, including initiatives to extend the fight against the pampas grass along the Atlantic Arc, from the north of Portugal to the south of France. It is also a project that seeks social inclusion, since 52% of the total budget is earmarked for hiring personnel and the work of removing and controlling the pampas grass will be carried out by crews hired by the social organisations AMICA, AMPROS and SERCA. The agreement signed with SEO BirdLife stands out among the environmental NGOs.

As of 2022, the programme will be assigned to EDP Redes España.

The following activities were carried out during 2021:

- Stewardship agreements were signed for the elimination of Cortaderia and the subsequent restoration in 32 cadastral plots, corresponding to 14.45 hectares.
- Cortaderia has been removed in 86.83 hectares of coastal Natura 2000 areas in Cantabria. Specifically, in the ZEC Rías Occidentales and Dunas de Oyambre, ZEC Dunas de Liencres and Estuario del Pas, ZEC Dunas del Puntal and Estuario del Miera, ZEC Costa Central and

Ría de Ajo, ZEC Marismas de Santoña, Victoria y Joyel and ZEC Río Agüera.

- 61 municipalities (75% of the surface area of Cantabria) were visited throughout 2021 in the Alerta Temprana network in the expansion area, hot spots of Cortaderia being located in a total of 39 municipalities. In addition to the direct detection carried out by SEO technicians, the online platform Alerta Plumeros has had a total of 152 active collaborators, who have recorded 839 municipalities in Cantabria, Galicia, Asturias, Portugal and France.
- In the pilot demonstration projects carried out in different areas of Cantabria, the work has been focused on cutting down regrown Cortaderia and mowing to improve meadows in ASTANDER; mowing, regrowth control and maintenance of sheep flocks in Rostrío; the clearing and planting of 1,500 trees and bushes in the Peñas Blancas false tunnel; the clearing and elimination of brush and maintenance of livestock in Cuchía, including the planting of forage species; in the Viesgo and Red Eléctrica de España facilities, pampas grass has been removed and the meadow has been prepared for use with a flock of sheep.
- Four training activities were carried out with the participation of 134 people, belonging to the following groups: municipal technicians, gardening workers and communicators and journalists.
- Preparation of a Stop Cortaderia Kit, available for download from the website.



[CLICK HERE TO GO TO WEBSITE](#)



EDP REDES ESPAÑA



SUSTAINABILITY STRATEGY



2021 PERFORMANCE



YEAR-TO-YEAR DATA



RETURN



## New Perception Survey

All the initiatives that have been implemented to date were a response to the results of the Local Community Perception Survey conducted in 2019, which identified job creation, the environment, depopulation, and participation, dialogue, and engagement with the community as important topics.

Following the strategic review of the EDP Group, the business plans of the platforms and the approval of the EDP España 2021-2025 Sustainability Plan, we proceeded, following the stakeholder relations methodology, to develop the internal vision, i.e., the identification of important issues for stakeholders from an internal perspective.

Once this first step has been completed, it is complemented with the external vision, a key stage in the management methodology. During this phase, we listen to stakeholders directly and proactively in order to go beyond formal requirements and add value.

As an external insight into local communities, a new series of the Local Community Perception Survey has been launched in 2021, as a two-year process. The ultimate aim of the work is to find out the issues of interest to the local community associated with EDP's activities in Spain in order to have a comprehensive analysis of the communities/areas impacted, such as inquiring about the current situation and the trends in stakeholder perception of energy companies and their performance, interaction and commitment to the communities in which they are integrated, etc. Likewise, the ultimate aim is also to make recommendations at a high level to redesign the Action Plan in line with the needs and

expectations of the local communities in which EDP España operates, and to align it with the Strategic Plan's social investment core lines: 'just transition', 'licence to operate', and 'leave no one behind'.

In this new edition, the areas have been extended to include the Autonomous Regions of Asturias and Cantabria and the province of Lugo. The selection of the target municipalities has been carried out considering the municipalities in which there are projects or relevant investment are expected to be made by EDP Redes España.

The study involves a socio-economic assessment of the selected areas and a second phase of perception studies, with a quantitative analysis, through a telephone survey. This is in addition to a qualitative approach, with in-depth open interviews with opinion leaders, stakeholders, and local partners using a semi-structured thematic script through which it is possible to detect their needs in line with the Social Investment Plan.

The studies have been carried out in Asturias, Cantabria and Lugo, having recorded more than 1,000 interactions in total. The results highlight aspects of businesses that are increasingly inclusive and present in regions, as social agents involved in the local area and with participation in their social life, support for the development of economic activities and aspects of sustainable tourism, or the fight against depopulation, with innovative aspects such as the 'green desert', in reference to municipalities at extreme risk of depopulation.



## 3.4. — Solid governance structure

### 3.4.1. Ethics

Ethics is one of the essential pillars of human activity and, consequently, of business activity. Following this line, EDP's leadership in the energy sector is driven by ethical conduct that governs the company's actions in the delivery of its products and services, the well-being of its employees, and fairness in its relationships with its stakeholders.

EDP has followed a long and steady course in business ethics, marked between 2005-2012 by the establishment of its 'ethical foundations', with the drafting of its first Code of Ethics and the creation of the Ethics Ombudsperson, an independent and impartial figure that analyses all ethical issues that may arise.

In a second period, between 2012 and 2018, ethics management built the 'EDP ethics building', through the creation of organisational and collaboration mechanisms, the enhancement of training, the extension of the ethical culture to the value chain, and the implementation of the external evaluation of ethical performance.

Currently, the focus is on excellence, with a planned ethical management, coordinating the reinforcement of the ethical infrastructure and its enhancement to ensure that ethics is present in decision-making processes and in the day-to-day running of all businesses and activities. This is the ethics programme 'Building the Ethical Building @EDP' designed for the three-year period that is concluded in 2021.

The latest revision of the Code of Ethics was conducted by the end of 2020, with an updated version adjusted to the current context, reinforcing the Group's ethical culture and making it easily accessible to all by digital means.

The Code of Ethics is structured in four principles that are considered 'material' for EDP. These principles are as follows:

- A people-centred company, where the well-being of employees is prioritised through management policies aimed at providing high levels of professional satisfaction and achievement, a safe and healthy working environment, commitment to and promotion of human rights, a culture free of any kind of harassment and promoting diversity and inclusion, and representing of the company through ethical behaviour.
- Building and maintaining trusting relationships, promoting the fostering of trusting relationships with stakeholders, sharing value with shareholders, customers and suppliers, respecting their expertise and combining environmental and social responsibility, particularly in the communities in which it operates.
- Focusing on the transformation of the energy sector, with the environment as a valuable asset that must be preserved, positioning ourselves as leaders in the energy transition,

- A guarantee of integrity, complying with EDP's integrity policy, which ensures compliance with the legislation, principles, and standards adopted

To guarantee all the company's ethical aspects, together with the activity of the Ethics Ombudsperson, an Ethics Committee is in place. This committee is the body that analyses the situations reported and issues a ruling on whether they should be classified as a violation, with the opening of the corresponding investigation. Lastly, when the investigations are completed, a ruling is issued to the Corporate Governance and Sustainability Committee (CGSC) and the General Supervisory Board, which will decide on corrective measures, including changes to company policy or changes to working methods.

In March 2021, the configuration of this Ethics Committee was changed, as was its name in Spanish, chaired by the CGSC and with a smaller number of members and representatives from the committee itself, the Group companies, and the responsible corporate divisions.

As data reflecting transparent ethical management, during the 2021 financial year, 22 complaints were received via the ethics channel, out of which 19 were inadmissible, as they referred to businesses that no longer form part of the corporate structure of EDP España (complaints related to the B2C segment). The remaining three complaints have been duly handled and all of them have been closed with satisfactory solutions for those who made the complaints.

Training is recognised as one of the main tools to prepare and give confidence to employees on ethical issues. Good planning, quality content, and appropriate training formats are vital for the success of these initiatives.

Thus, during 2021, two e-learning training sessions were organised in collaboration with the EDP University:

- 'Ética es valor. 15 años de edificio ético de EDP' (Ethics is value. 15 years of the EDP ethical building'), with a participation rate of 74.4%.
- 'La voz de los empleados sobre la ética en EDP' (The employee voice about ethics in EDP), with a participation rate of 40%.

As regards ethics in the value chain, the preparation of a Communication Plan for the dissemination of the Code of Ethics among all the stakeholders is under way.

### 3.4.2. Human and labour rights

EDP has been a signatory to the Global Compact since its inception, promoting the ten principles in all its activities and value chain: Human and labour rights, environment, and anti-corruption.

In the internalisation of human and labour rights management, in May 2017, the Executive Board of Directors approved the EDP Group's Declaration of Respect for Human and Labour Rights, which, like the rest of the policies and principles, is applicable to all the Group's companies.

This statement took the Guiding Principles on Business (Ruggie Principles) of the UN Human Rights Council as

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

EDP was once again declared by the Ethisphere Institute as one of the most ethical companies in the world, standing out as one of the nine companies in the Energy and Utilities sector of the index. EDP has been part of this index uninterruptedly for 10 years.

This distinction recognises the commitment of the Group to good management and corporate ethics practices and the way it has implemented and developed them in all the geographical areas in which it is present. An international distinction that reflects the continuous reinforcement of EDP ethical culture and the relationship of trust with its stakeholders.

Ethisphere Institute distinguishes the companies that lead with integrity and prove that their management practices are in line with the ethical principles and commitments.



a reference, including the preparation of risk maps, more in-depth reporting on human and labour rights management, and the improvement of internal procedures, especially in the management of the supply chain.

As a next step, and within ESG excellence, a solid governance structure on human rights was created, which is why it was necessary to update the related policies and procedures. As a result, in July 2021, the Executive Board of Directors (CAE) approved a new Human and Labour Rights Policy.

The aim of this policy is to guarantee respect for human and labour rights in the EDP Group's sphere of activity, im-

plementing the commitments defined in its policies, specifying the relevant international treaties and standards and establishing the procedures that guarantee compliance with them.

This policy applies to all the companies and employees of the EDP Group in Spain and supplements other policies and codes such as the Code of Ethics itself, the Stakeholder Relationship Policy and the Supplier Code of Conduct.

<sup>1</sup> The participation data correspond to EDP España; there are no separate records for EDP Redes España.

## New human and labour rights policy

THESE ARE THE PRINCIPLES OF ACTION THAT GOVERN THIS POLICY:

**Identify, prevent and monitor risks** related to relevant human and labour rights in its business, developing and keeping updated a risk map regarding human and labour rights.

**Guarantee** that it will not be an accomplice to abuse or non-observance of human and labour rights.

**Recognise** employees and their families, local communities and any other person or group whose life and environment may be affected by EDP activities, including their legitimate representatives, trade unions and social or environmental organisation, as stakeholders.

**Constructively commit** to its lobbies, especially those that are or may be affected by its activities, incorporating their opinions and concerns in business decisions and in the development of its human and labour rights strategy.

**Avoid the adverse impacts** that may be resulted from the business operations or relations, guaranteeing to redress them if they occur, and undertaking not to take retaliation against the accusations, and cooperating in initiatives that promote access to redress through judicial or out-of-court mechanisms.

**Guarantee** el buen funcionamiento de un sistema de notificación de incidencias y de presentación de reclamaciones, con garantía de confidencialidad y de no represalia.

**Communicate and transparently report** about its human and labour rights strategy, identifying risks and impacts, mitigation, offsetting and remedy measures adopted and the results of such actions.

**Extending** the same commitments to its business partners and suppliers, working to extend those commitments to their supply chains and business associations.

**Work with its partners and suppliers** to mitigate the adverse impacts directly related to their operations, products or services through their own mechanisms or through cooperation in reaching third-party out-of-court solutions.

To ensure the effective management of respect for the established human and labour rights, a Working Committee has been created, chaired by the CAE and made up of corporate directors with ESG responsibilities, i.e., ethics, sustainability, compliance, legal, audit, management and labour relations, purchasing and supplier management, and prevention and safety, risk, and stakeholder management.

In the interest of transparency, EDP publishes on its corporate website a report on its performance in the area of human and labour rights, which includes the material assessments related to the respect of these rights. The aim of this report is to provide EDP's stakeholders with a comprehensive overview of the risks and challenges faced by the company, the way in which they are addressed, and their importance in the day-to-day activities.

### 3.4.3 Compliance

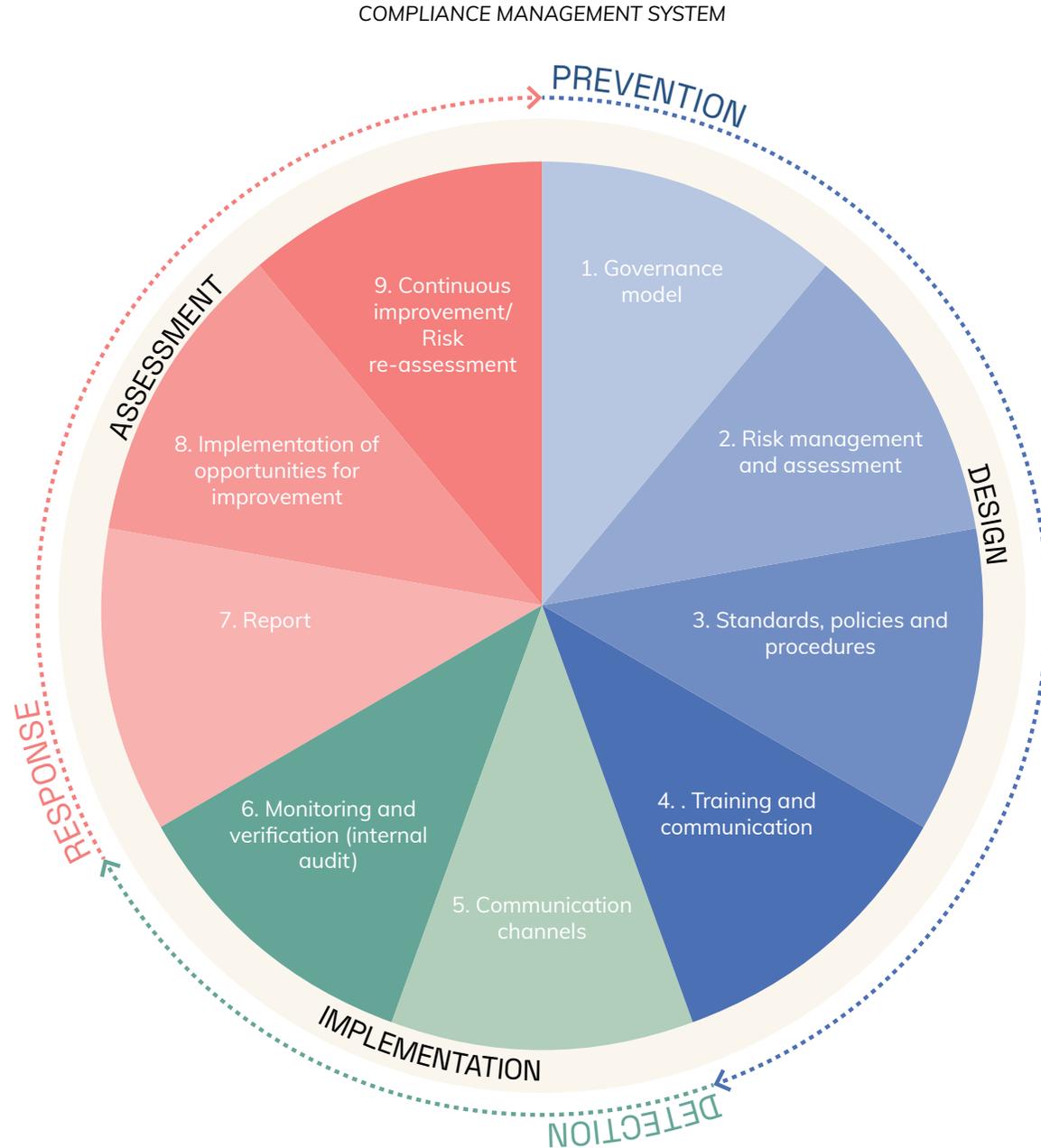
Compliance with legislation and regulations, both external and internal, is a core commitment for the EDP Group, binding its entities, employees, and service providers acting on its behalf, to conduct themselves in accordance with this commitment, not condoning the perpetration of any acts or omissions that constitute a violation or non-compliance with the rules.

To this end, EDP adopts a 'zero tolerance' compliance policy with regard to any type of act that does not comply with the applicable legal and regulatory standards, based on the principles of transparency and fairness, with regard to the prevention and fight against illegal acts, including practices associated with bribery, corruption, money laundering, and the financing of terrorism, among others.

In line with this 'zero tolerance' compliance policy, the Compliance Department (CD) was created, whose responsi-

bilities are to promote the observance of and compliance with the law and regulations in force in all the areas where the EDP Group operates through the implementation of a Compliance Management System aligned with international best practices in risk management, internal control and fraud prevention. This includes the ISO 37301 methodology and COSO (Committee of Sponsoring Organisations of the Treadway Commission).

EDP's Compliance Management System consists of nine components, grouped into three main principles, as shown in the diagram on this page. This management system results from a Global Compliance Programme (GCP) composed of various Specific Compliance Programmes (SCP), namely: (i) Integrity/Anti-Corruption, (ii) Personal Data Protection, (iii) Competition, (iv) Anti-Money Laundering, (v) Separation of Activities, (vi) Environment, (vii) Health and Safety, (viii) Internal Financial Information Control System; enabling the alignment of compliance management guidelines and methodologies across the organisation and the different regulatory areas.



The governance model of the EDP Group is based on an internal control system based on three lines of defence, aimed at identifying and properly managing the risks derived from its activity, under which the Compliance function is the 2nd line of defence, Business is the 1st line, and Internal audit, the 3rd line.

In hierarchical terms, the Compliance function reports to the Executive Board of Directors and submits a functional report to the General Supervisory Board, through the Financial Matters Committee /Audit Committee, thus ensuring the monitoring of its activity by these two corporate bodies. The Global Compliance Programme, as well as the specific programmes, are monitored by the Compliance function, and they are regularly subject to internal and external audits, which may lead to the identification of opportunities for improvement in compliance management.

## Integrity

According to the commitment of the EDP Group to promoting integrity management and preventing the perpetration of illegalities, the policy and the principles contained therein are actively reviewed and updated. In this regard, in December 2020, the second version of the Integrity Policy of the Group was approved.

The purpose of the EDP Integrity Policy is defining the principles of action of the Group companies, employees and business partners, promoting and ethical and upright behaviour in the development of business. These principles of action are used to prevent the perpetration of crimes such as corruption, money laundering, terrorism financing, anti-competitive practices and infringement of data protection regulations.



Through the implementation of a zero-tolerance policy regarding any action that goes against the law, EDP commits to carry out its activities in strict compliance with the current laws and regulations.

The Executive Board of Directors is the body responsible for setting out the objectives, and approving and implementing the management policies and models of the Company and the EDP Group, specifically, the Integrity Policy, the Global Compliance Programme and its respective governance model. Particularly, the Compliance Division (DCO) is responsible for the development of the Global Compliance Programme, ensuring the identification, assessment, monitoring and reporting of risks relating legal or regulatory non-compliance.

This governance model establishes the responsibilities and the duties of the top management, the different relevant management areas, the Compliance areas of the different Business Units, and the respective interlocutors in the different entities, as well as the relationship model among all these stakeholders.

The Compliance department is responsible for regularly monitoring this policy, and it acts as an adviser for the matters raised about integrity, providing answers about the right actions to take. Furthermore, The EDP Group offers a series of channels for reporting irregularities regarding the Integrity Policy, such as the Whistleblowing channel, the Data Protection Officer (DPO), the Ethics Channel, the Irregularity Reporting Channel and the DCO itself.

The Integrity Due Diligence procedure conducted by EDP on the third parties with which it has a relationship includes suppliers, business partners, counterparties and beneficiaries of sponsorships and donations, candidates to associates and other third parties under the money laundering and terrorism financing regulation. It is based on a combined analysis of specific criteria on third party information, such as country of location, business sector, and reputational and ESG risk, among others, and verification and analysis of a set of potential risk factors, taking into consideration, to name a few, the references in international lists of integrity-related sanctions, convictions and judicial proceedings (money laundering, corruption, organised crime, environmental crimes, labour infringements, etc.), as well as the analysis of adverse news in this field. In 2021, 38 third-party due diligence were conducted by the companies of EDP Redes España.

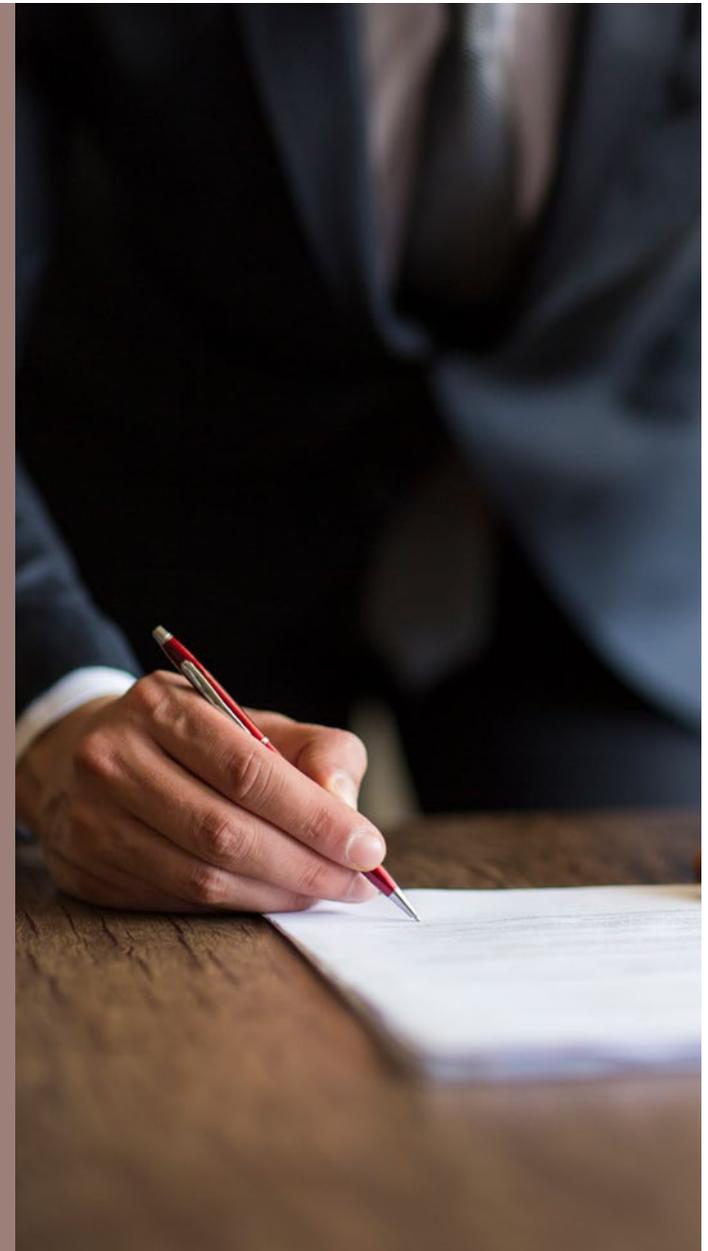
The analysis of these risk factors results in a direct rating assigning, in a growing risk logic. As a consequence of such rating, safeguards are included, ranging from the inclusion of liability and compliance clauses, monitoring clauses, specific acceptance of EDP compliance terms or the transaction requiring the specific approval by the company's directors.

## Principles of the Integrity Policy

### GENERAL PRINCIPLES

It is strictly forbidden to carry out practices or display behaviours that may constitute, seem to constitute or contribute to the following situations:

- corruption;
- bribery, including facilitation payments;
- money laundering and financing of terrorism;
- peddling;
- embezzlement or economic interest in business;
- fraud, extortion;
- other crimes against the delivery of justice;
- insider trading;
- crimes against data protection and privacy;
- crimes against the environment and safety;
- anti-competition practices;
- financing/associating the EDP brand to political parties, candidates or political campaign/candidature structures or related entities;
- discrimination of customers or counterparties on the grounds of ancestry, gender, race, language, territory of origin, political or ideological beliefs, education, economic situation, social status or sexual orientation.



## Data protection

The strict respect for the privacy of customers, employees, service providers, suppliers, partners and other stakeholders is assumed by EDP as a maxim to be followed in its activity throughout the value chain. Therefore, personal data protection is a specific significant aspect of the Global Compliance Programme.

The Group companies regulate specific privacy policies based on the compliance risk management, the content of which is known by all the personal data subjects covered and applied to the entire cycle of the data processing performed, whether by companies or by service providers.

In the privacy policies, as well as in other informative documents about personal data processing activities, the companies of the EDP Group make available the contact details of the respective DPO, as well as the contact of the data processing entity itself, through which data subject may exercise their personal data protection rights, request information or clarification about their data and file complaints.

## FGPD safer data

In 2021, the Group implemented a new software internally known as Personal Data Protection Management Tool (FGPD) to guarantee an increased automation in the management of internal processes related to the Specific Compliance Programme for personal data protection.

The FGPD provides an increased efficiency in internal processes through the centralisation of the main elements of the programme by using templates, facilitating works flows and guaranteeing tighter data security, as well as the traceability thereof.





# HUMAN

Diverse and inclusive,  
for generations to come.

# 04 — YEAR-TO-YEAR DATA

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EDP REDES  
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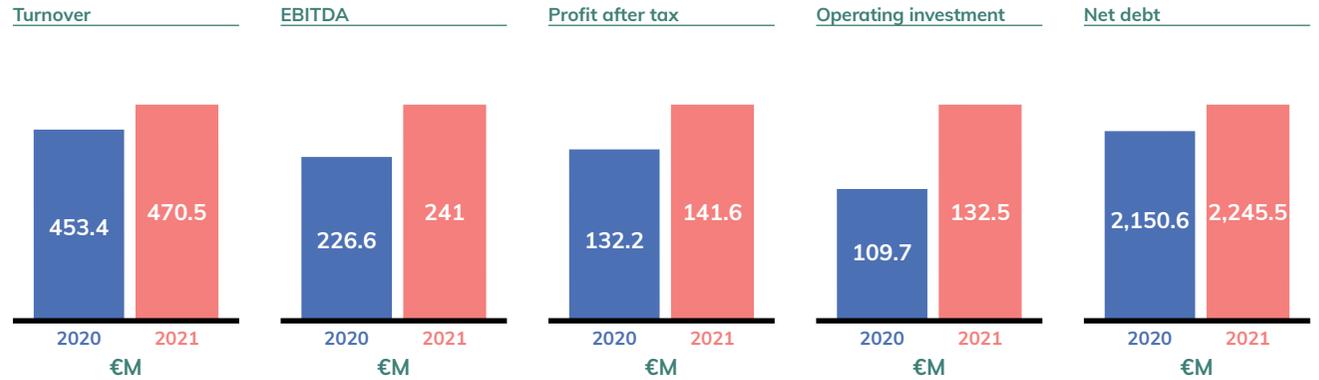
2021 PERFORMANCE  
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YEAR-TO-YEAR  
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04

RETURN  
05

# 4.1. Main indicators

## 4.1.1. Financial indicators



FINANCIAL INDICATORS	U	2021		2020	
		Viesgo	E-Redes	Viesgo	E-Redes
ENVIRONMENTAL EXPENDITURE AND INVESTMENT	k€	3,186	6,142	2,978	2,767
Management of waste, waste water and soil protection	k€	86	62	8	35
Projects related to energy efficiency	k€			31	0
Environmental management and prevention	k€	3,068	6,079	2,822	2,707
Environmental research projects	k€	0	0	71	0
Others	k€	33	1	47	26

## Electricity distribution

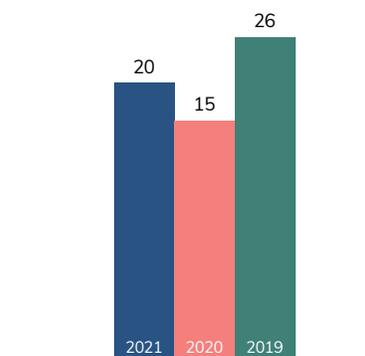
ELECTRICITY DISTRIBUTION INSTALLATIONS	U	2021			2020		
		Viesgo	E-Redes	EDP Redes España	Viesgo	E-Redes	EDP Redes España
		2021	2021	2021	2020	2020	2020
HV overhead lines (50/132 kV)	km	1,698	1,124	2,821	1,745	1,269	3,013
MV overhead lines (5/10/16/20/22/24 kV)	km	8,274	4,819	13,093	8,168	4,831	12,999
HV underground lines (50/132 kV)	km	64	44	108	63	44	107
MV underground lines (5/10/16/20/22/24 kV)	km	2,075	1,734	3,809	2,041	1,729	3,770
LV overhead grids	km	13,961	9,678	23,639	13,920	9,657	23,577
LV underground grids	km	5,639	3,383	9,022	5,610	3,338	8,948
Transformation centres	Nº	11,137	6,713	17,850	11,092	6,686	17,778
Transformation centres' installed capacity	MVA	2,697	2,345	5,041	2,674	2,326	5,001
Substations <sup>(1)</sup>	No.	125	149	274	131	148	279
Transformers in substations <sup>(2)</sup>	No.	195	117	312	194	119	313
Installed capacity in substations	MVA	7,805	5,324	13,129	7,805	5,338	13,143

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

<sup>(2)</sup> Power transformers in substations and cold reserves

ELECTRICITY DISTRIBUTION	U	2021			2020		
		Viesgo	E-Redes	EDP Redes España	Viesgo	E-Redes	EDP Redes España
		2021	2021	2021	2020	2020	2020
<b>SUPPLY POINTS</b>	<b>No.</b>	<b>702,375</b>	<b>674,103</b>	<b>1,376,478</b>	<b>699,326</b>	<b>671,598</b>	<b>1,370,924</b>
Low voltage (< 1kV)	No.	700983	672915	1,373,898	697964	670,433	1,368,397
Medium voltage (> 1 kV and <36 kV)	No.	1,190	1,153	2,343	1,239	1,139	2,378
High voltage (> 36 kV)	No.	202	35	237	123	26	149
<b>DISTRIBUTED ENERGY</b>	<b>GWh</b>	<b>6,064</b>	<b>8,029</b>	<b>14,092</b>		<b>7,501</b>	<b>7,501</b>
Low voltage (< 1kV)	GWh	1,975	2,146	4,120		2,131	2,131
Medium voltage (> 1 kV y <36 kV)	GWh	1,531	1,268	2,798		1,190	1,190
High voltage (> 36 kV)	GWh	2,558	4,615	7,174		4,180	4,180

## Quality of supply



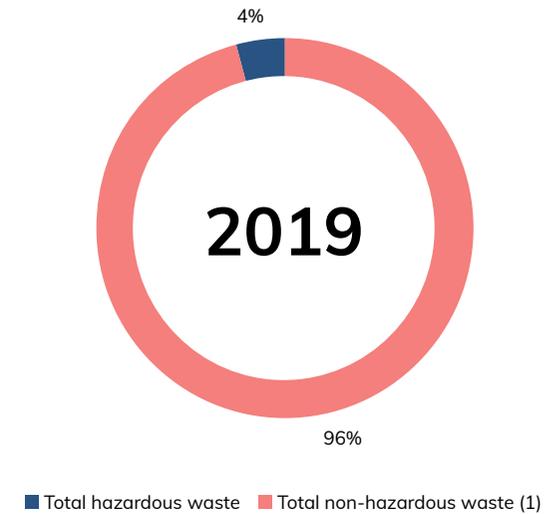
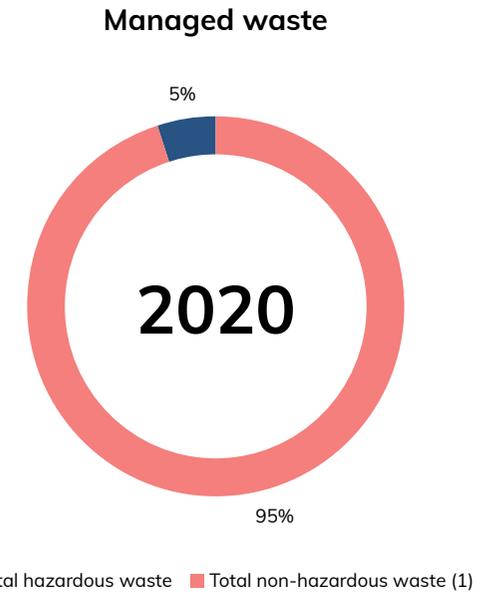
TIEPI progress (minutes)

The 2021 data include the Viesgo Group.

### 4.1.2. Environmental indicators

EMISSIONS (ktCO <sub>2eq</sub> )	2021		2020	
	Viesgo	E-Redes	Viesgo	E-Redes
Scope 1	1.0	1.0	0.5	6.6
Scope 2	47.0	35.5	44.5	8.6

WASTE AND BY-PRODUCTS (TONS)	2021		2020	
	Viesgo	E-Redes	Viesgo	E-Redes
Total hazardous waste	335	439	125	406
Total non-hazardous waste (1)	7,924	7,653	3,414	6,806
Total generated	8,259	8,092	3,539	7,212
Total recovered	4,977	6,761	3,464	6,058
% Total recovered	60%	84%	98%	84%



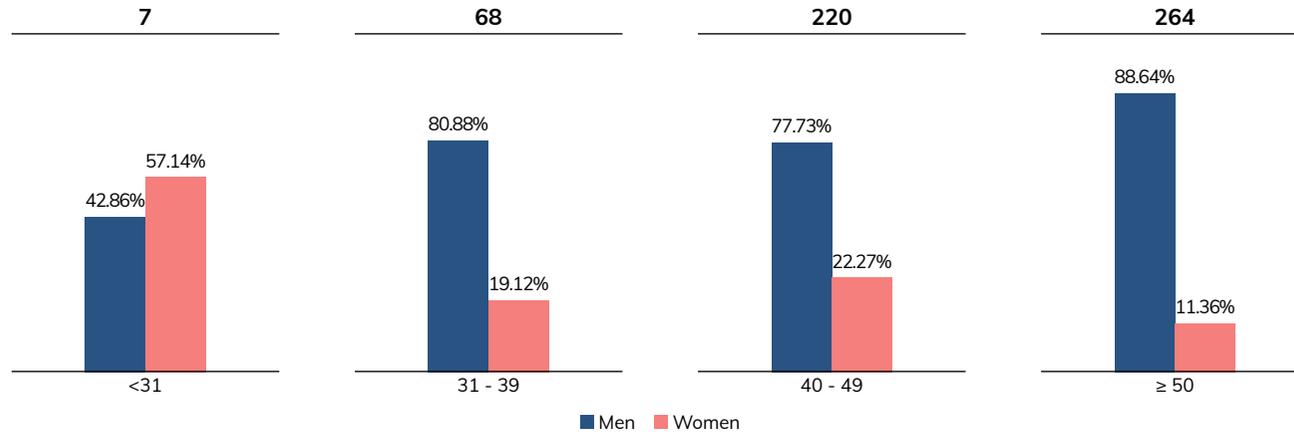
### 4.1.3. Social indicators

		2021		2020	
		Viesgo	E-Redes	Viesgo	E-Redes
Employees	No.	278	281	426	285
Percentage of women	%	21%	14%	20%	13%
Average age of employees	Years	48	50	49	50
Employee remuneration expenses	k€	37.9		29.9	20.5
Contribution to Pension Plan	k€	3.0		3.9	0.7

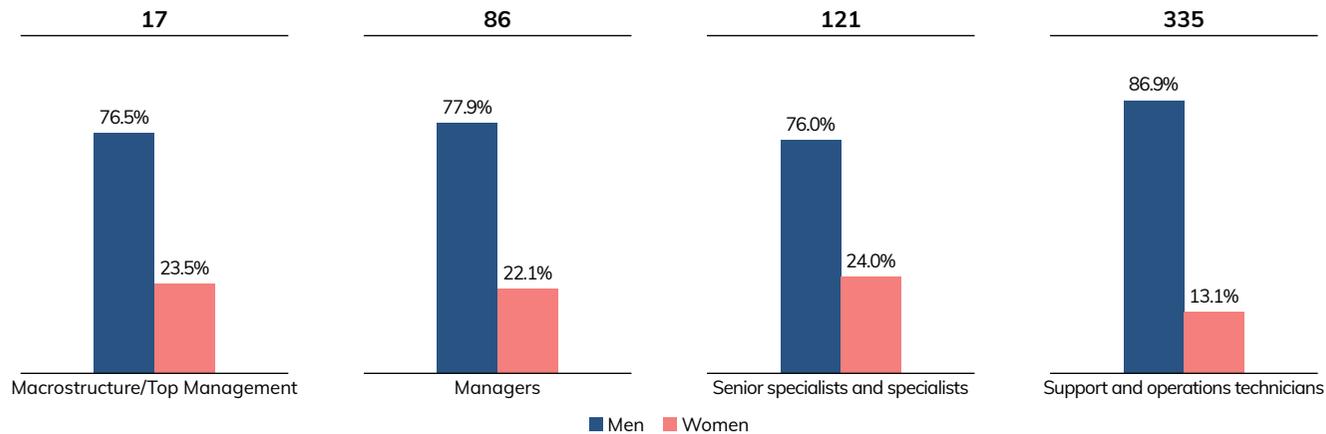
		2021		2020	
TRADE UNION REPRESENTATIVES		Men	Women	Men	Women
Viesgo		24	3	29	3
E-Redes		12	2	12	2
Total		36	5	41	5
% women		88%	12%	89%	11%



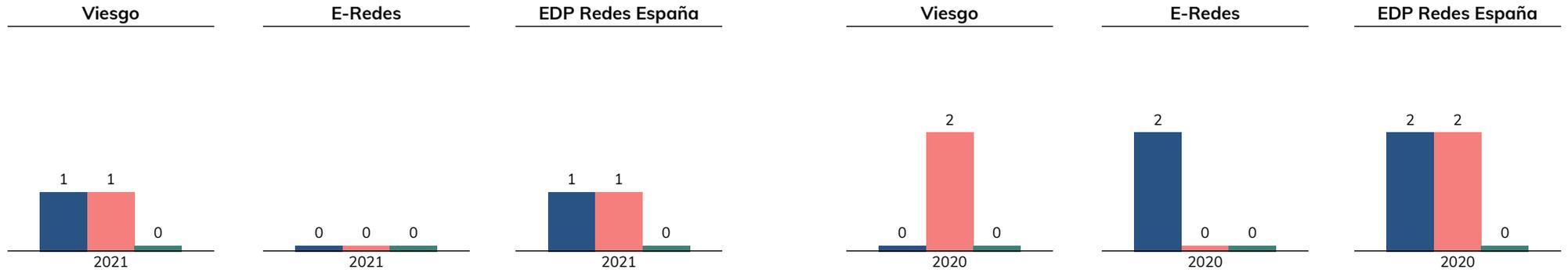
## Employee profile by age and gender



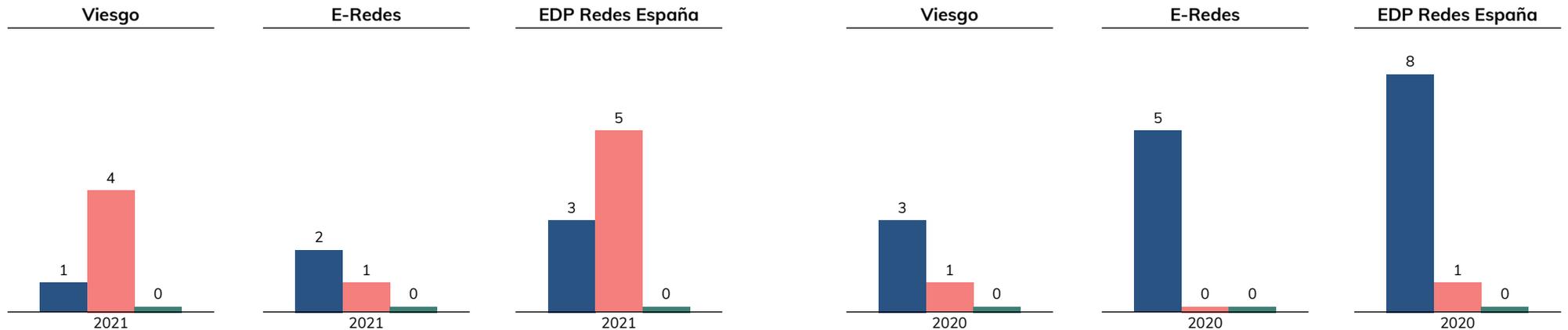
## Employee profile by professional category and gender



## Own workforce accidents



## Contractor staff accidents



■ Accidents involving leave     
 ■ Accidents not involving leave     
 ■ Fatal accidents

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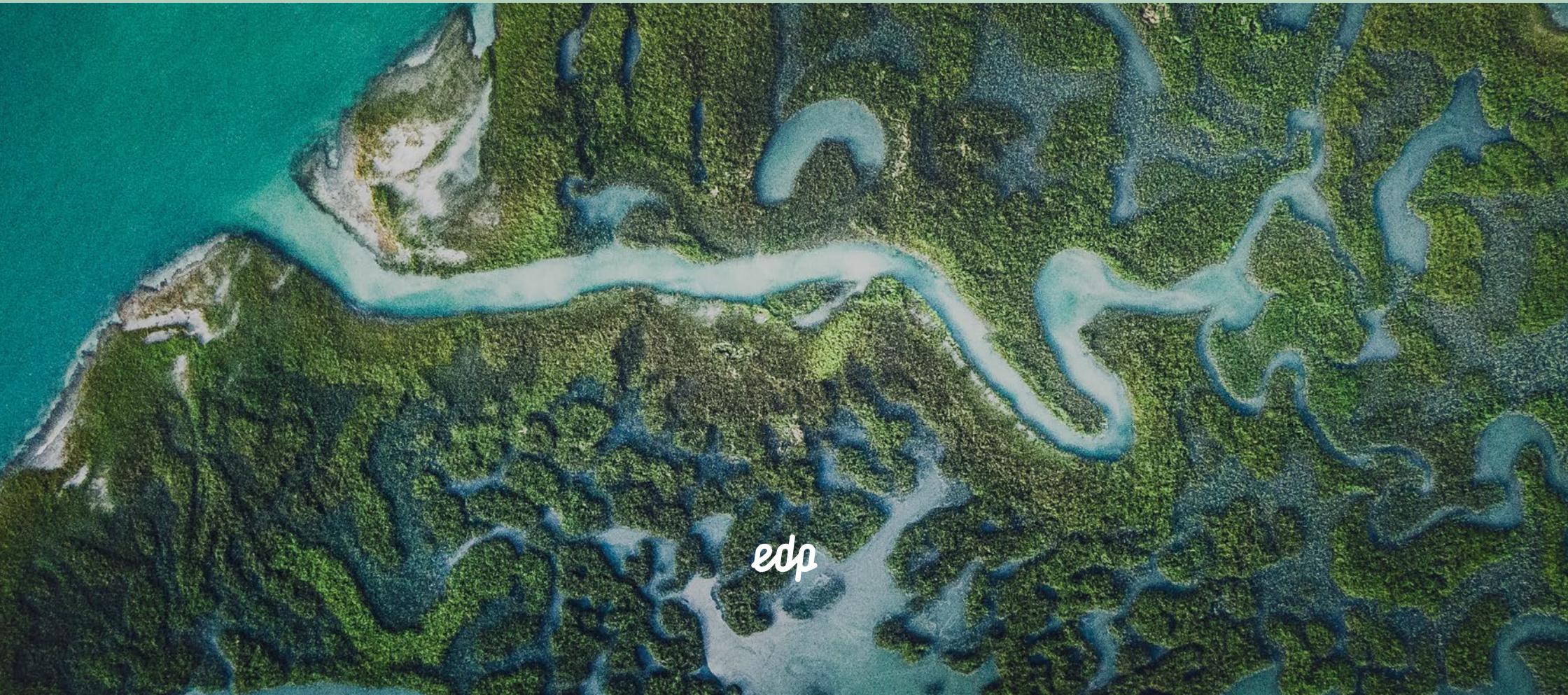
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