



2022 Sustainability Report
EDP Redes España

We Choose Earth

EDP Redes España Sustainability Report

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

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

[Annual Integrated Report of the EDP Group](#)

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

Other ESG reports are:

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

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

[Transparency and reporting](#)





Our purpose

Our energy

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

and heart

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

drive a better

reflects our ambition and
leadership to make change happen

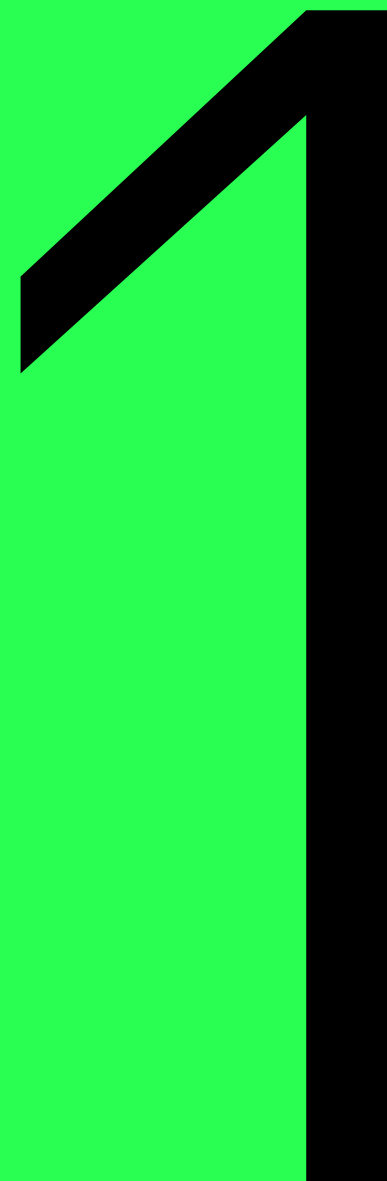
tomorrow

The reason we work for every day

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EDP Redes España



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Letter from the Chairman

It is an honour for me to present the second EDP Redes España Sustainability Report after its two first years in operation. Thanks to the successful Vega integration programme, the distribution companies E-Redes, Viesgo Distribución, and Begasa have formed an excellent organisation in all its aspects, standing out both for its operational efficiency and for its staff.

Year 2022 has been marked by the Ukrainian war, which has unleashed a global crisis in the energy system derived from the high dependence on fossil fuels, putting in turn pressure on supply chains, with a significant impact on production sectors due to the high energy prices and their volatility, as well as on people as a result of the high inflation scenarios.

The electricity distribution business has also been affected by this context, entailing problems in the supply chain which could have compromised the execution of the ambitious investment plan scheduled; however, an adequate planning in addition to the efforts and commitment of our teams have allowed to properly implement it in time. This approach supports our high standards for continuity and quality of supply, minimising energy losses, increasing our innovation capacity, and guaranteeing excellent customer care.



EDP is committed to lead the energy transition, focusing on decarbonisation as the main global objective. The company's goals to become carbon neutral by 2030 and Net-Zero by 2040 are public.

In EDP Redes España, our purpose is to contribute to this framework through smart and resilient grids that allow to accelerate the connection of new renewable energies, the electrification of the economy, the distributed generation, and the mass implementation of electric mobility. All these goals require innovative and reliable quick-response technology solutions, with distributions installations adapted to climate risks.

This strategic mitigation and adaptation position to fight climate change must be in addition to circular economy and biodiversity protection actions. This is evidenced by the international agreements derived from the Biodiversity Conference (COP15) in Montreal, which ended with a historic agreement to direct global actions towards favouring nature from now to 2030. EDP's goal is even more ambitious, as it proposes to reach this positivity by 2025, as an unequivocally necessary element consistent with the required resource demand reduction, maintaining the ecosystem services, sustaining a healthy planet, and involving essential benefits for all people.

As regards safety, our zero-accident goal is unavoidable, both for employees and suppliers. The Health and Safety Excellence Plan is worthy of note, which supplements the people management aspects involving job stability, work environment, diversity and gender equality, and social inclusion, among others. The health and safety performance of our employees and partner companies must guide all our decisions and actions with unquestionable discipline, in accordance with our robust certified management system.

On governance matters, the company must follow the best international corporate ethics, compliance, integrity, and human rights practices. Our public commitment to the United Nations Global Compact and to Agenda 2030, or the certifications held by us evidence our

leadership on this sphere. By way of example, during 2022, the Code of Ethics and the Integrity Policy have been reviewed, and the Policy on Diversity, Equity, Inclusion, and Belonging has been approved, all in accordance with the new context of the company and its long-term strategy.

Finally, I would like to conclude this letter by thanking the entire EDP Redes España team for their commitment and efforts, as well as the Board of Directors, and especially, our Macquarie partners, whose support has facilitated the excellent execution of the business plan and will allow us to face the challenges ahead.

Miguel Setas
Chairman of EDP Redes España

Letter from the CEO

It is a pleasure for me to present this year again the Sustainability Report issued by EDP Redes España, the company that brings together the electricity distribution activity of the EDP Group in Spain through the companies E-Redes, Viesgo Distribución, and Begasa.

Let me start by highlighting the occupational health and safety aspects of a company focused on people, as it should be. The year began with a rise in the accident rate, but the response of all the teams involved, in-house and external, which applied the strictest levels of safety, supervision, and cooperation, led us to close the year with good health and safety indicators. Despite this, we cannot allow accidents causing irreparable damage to people to happen, and this is why our work in health and safety must be continuous and shared by the entire organisation, so these accidents do not happen again and we always work bearing in mind the zero-accident goal.

Year 2022 has been key to the development of our Strategic Plan, with significant progress in its 7 lines: achieving sustainable growth through the execution of our ambitious investment plan; proactively supporting the energy transition; being a benchmark in digitisation; guaranteeing a safe, diverse, and fair work environment; strengthening our excellent quality of service; being resilient against emerging risks; and maximising the creation of value hand in hand with our stakeholders.



The Vega integration project has successfully closed the biggest-impact year, seizing the synergies envisaged in the plan both in economic and operating terms. Thus, we have reached 25 million euros in recurring savings in OPEX, which represents 80% of the target set for 2025, and we have achieved the best-ever Installed Power Equivalent Interruption Time (TIEPI), reaching 17.5 minutes as a whole for the three distributors.

The investment plan has been practically executed in full, reaching 157 million euros, despite the difficulties in the supply chain. In this execution, installations for an amount of 145 million euros have been commissioned, exceeding the expected figure by one million.

We should especially highlight the results obtained in the GRESB international sustainability index: Infrastructure Asset Assessment, in which EDP Redes España is the world leader among all the electricity distribution companies. This leadership reflects an excellent ESG performance, in line with the own international position of the EDP Group, the most sustainable utility in the Dow Jones Sustainability Index, among others.

This leadership in GRESB has been obtained by achieving the top score in different ESG aspects, among which we could emphasise, given their relevance, energy and carbon footprint management, health and safety, biodiversity and habitat protection, and customer care. As regards our fight against climate change, we have activated the first Mitigation Plan of the company, which supplements the updated Adaptation Plan. In both plans, the impacts of climate variables on assets have been identified based on the climate risk taxonomy of the EDP Group. Additionally, as part of our effort at the continuous improvement in the risk and opportunity management, a global analysis has been conducted based on the reference scenarios set by the TCFD (Task Force on Climate-related Financial Disclosures), which seeks to assess the impact of climate change effects on our activity.

Further environmental commitment actions carried out range from the implementation of circular economy activities, to the protection of biodiversity, or natural capital management. The LIFE STOP Cortadería project deserves a special mention, as it was awarded by the European Commission not only for its value in Red Natura 2000, as regards the eradication of cortadería seloana, but also for its contribution to social integration. The panel highlighted the social and environmental partnership of the project as an 'inspiring initiative empowering people with disabilities through the fight against an invasive species.'

We should also emphasise the extension of the EDP Suma+ programme to areas in which we carry out our distribution activity. Through this programme, we have incorporated social and environmental projects that generate wealth and employment, and settle population in the areas in which we operate. It is a firm commitment to our stakeholders.

Other driver required for the excellent development of our business is innovation and digitisation, progressing towards increasingly smarter grids monitored on real time. To mention some advances, we have launched the remote-control strategy for the low-voltage grid through the use of remotely controlled panels (CB2T), we have started to use artificial intelligence (AI) in pinpointing faults in line inspections and breakdown services, and we have launched pilot projects with entrepreneurs for the use of robots in remote monitoring.

I would like to dedicate the epilogue of this letter to our employees. At the end of the year, the climate survey was conducted, which has allowed us to know the matters that concern them, for which a plan of action including a set of different types of initiatives has been already drafted and under implementation in order to address them.

Thank you to all the EDP Redes España employees for their excellent work and commitment, in a complex year due to its international geopolitical context and its implications in the supply chains. I remain fully convinced that EDP Redes España is and will continue to be the undisputable leader due to having joined the best companies in the sector: E-Redes, Viesgo, and Begasa.

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



Miguel Mateos
CEO of EDP Redes España

Our Year

Jan

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

Feb

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

Jun

- Personal manifesto – employee’s individual commitment
- Launch of the Equality Box

May

- playitSAFE: EDP launches a world monthly campaign related to risks
- Viesgo and Begasa renew their ISO certifications for occupational health and safety and road safety

Apr

- EDP creates a global programme to invest more than €300 M in social impact projects up to 2030
- Circumetric wins the regional prize in the 12th European Week for Waste Reduction

Mar

- Holding of the Conference on Continuous Improvement in Health and Safety by EDP Redes España
- EDP, recognised again as one of the most ethical companies in the world
- Life Stop Cortaderia, short-listed in the European Natura 2000 Award

Jul

- COTEC #Imperdible05
- Well-being Week: Golden rules

Sep

- EDP launches Energy Starter 2022, a programme to boost innovative initiatives in the energy sector
- EDP, ranked among the 100 best companies to work at in Spain (*Actualidad económica*)

Oct

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

Nov

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

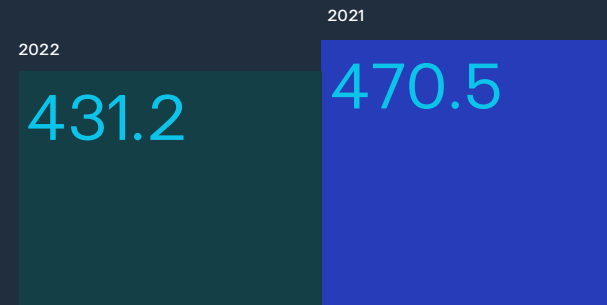
Dec

- EDP, world leader in the Dow Jones Sustainability Index

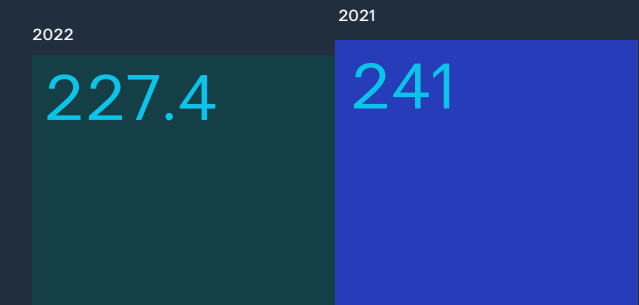
Key figures

Financial data

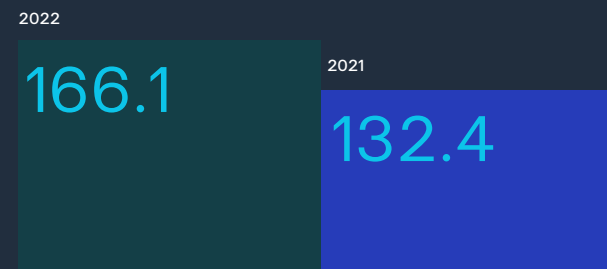
Turnover



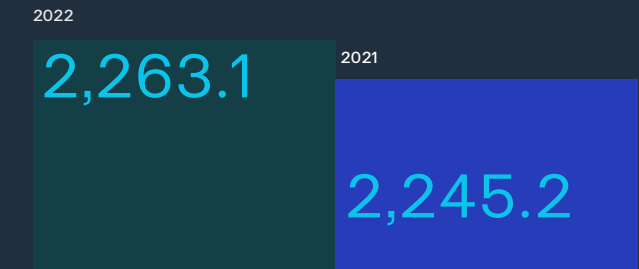
EBITDA






Operating investments



Net debt



Datos ESG

	Indicator	Unit	2022	2021	Var
 Environmental	Specific CO ₂ emissions	gCO ₂ /kWh	7.4	5.7	30%
	Assets certified under ISO 14001	%	100	100	0%
	% of electrified fleet	%	30.4	29.7	2%
	Restored habitat	ha	44	89	✓
	Environmental investment	m€	7,228	9,328	-23%
	Recovery of hazardous waste	%	86	57	51%
	Recovery of non-hazardous waste	%	89	72	24%
 Social	No. of employees	#	540	559	-3%
	% of women	%	17.8	17.2	3%
	Training hours	h	24,040	17,431	38%
	Employees who have received training	#	568	634	✓
	No. of accidents involving leave of own staff	#	1	1	0%
	No. of accidents involving leave of contractors	#	4	3	33%
	Quality of supply: TIEPI	min	17.52	20.28	-14%
 Governance	Women in leadership positions	%	22.6	21,7	4%
	Remuneration linked to ESG for the top management		✓	✓	✓
	Cybersecurity		✓	✓	✓
	Upper quartile in sustainability indices		✓	✓	✓

Our values

Innovation

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

Sustainability

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

Social responsibility

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

Our commitments

Sustainability

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

Customers

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

People

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

Results

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



Our Vision

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

And in the specific case of EDP Redes España,
our vision is to lead the energy transition based on four pillars:



Maximising capital investment, improving the ROI for our stakeholders, seizing opportunities for sustainable growth, and minimising the regulatory risk.



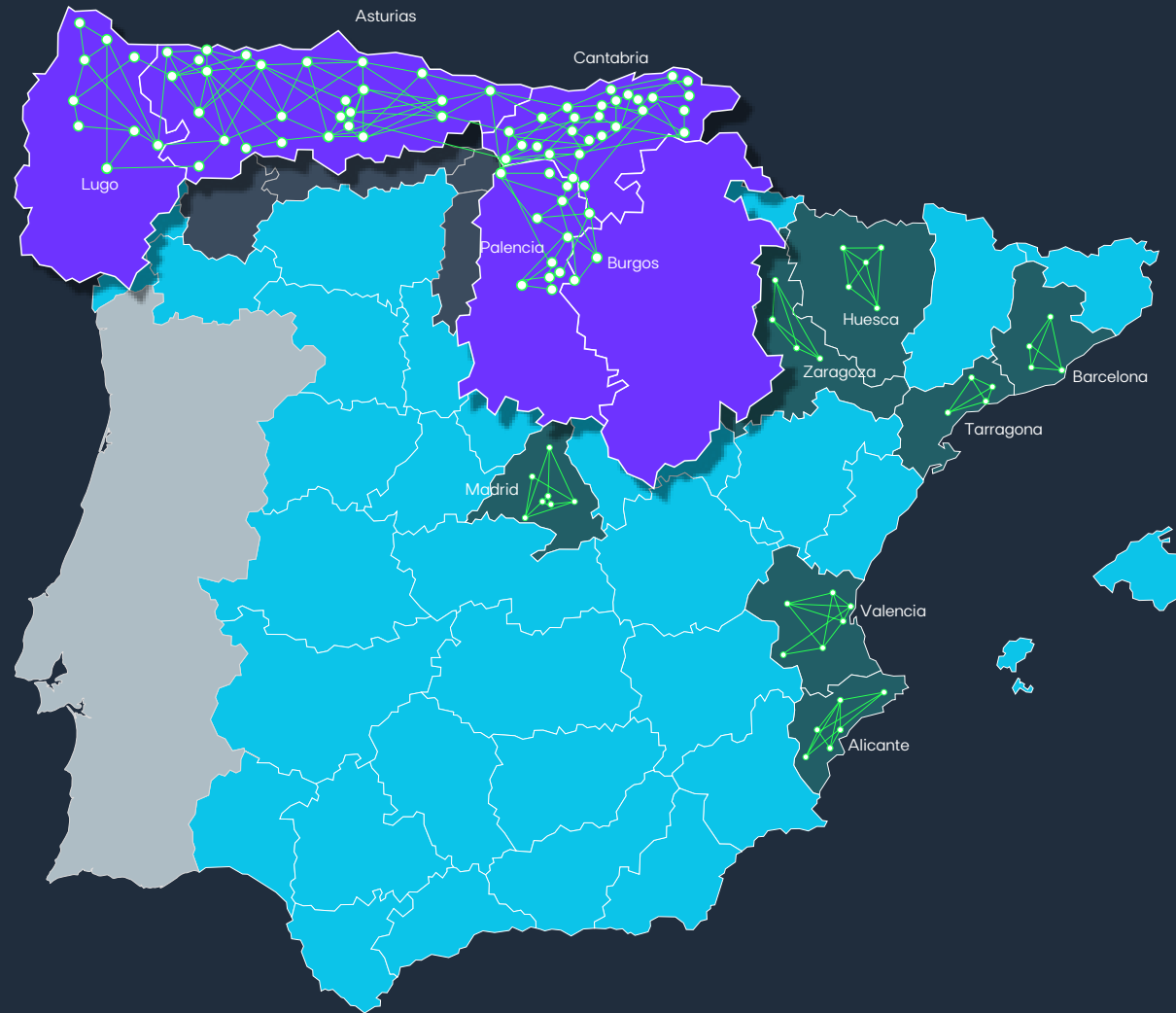
Leader in quality of supply, minimising energy losses, taking advantage of the best practices of the best companies in the industry, Viesgo y E-Redes.



Leader in operational excellence, capturing 100% of the synergies derived from the functional integration of our benchmark distribution companies.



Leader in innovation, taking advantage of the EDP Group's capacities to implement new facilitating and sustainable technologies.



540
total employees

12
provinces

13,286 GWh
energy distributed

52,643 km
kilometres of lines

EDP Redes
España

1,383,123 customers
Supply points

Stakeholders Management

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

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

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

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

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

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

STAKEHOLDER ENGAGEMENT POLICY OF THE EDP GROUP

Understand

> INCLUDE > IDENTIFY > PRIORITISE

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

Communicate

INFORM > LISTEN > UNDERSTAND

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

Trust

> TRANSPARENCY > INTEGRITY > RESPECT > ETHICS

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

Collaborate

> INTEGRATE > SHARE > COOPERATE > INFORM

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

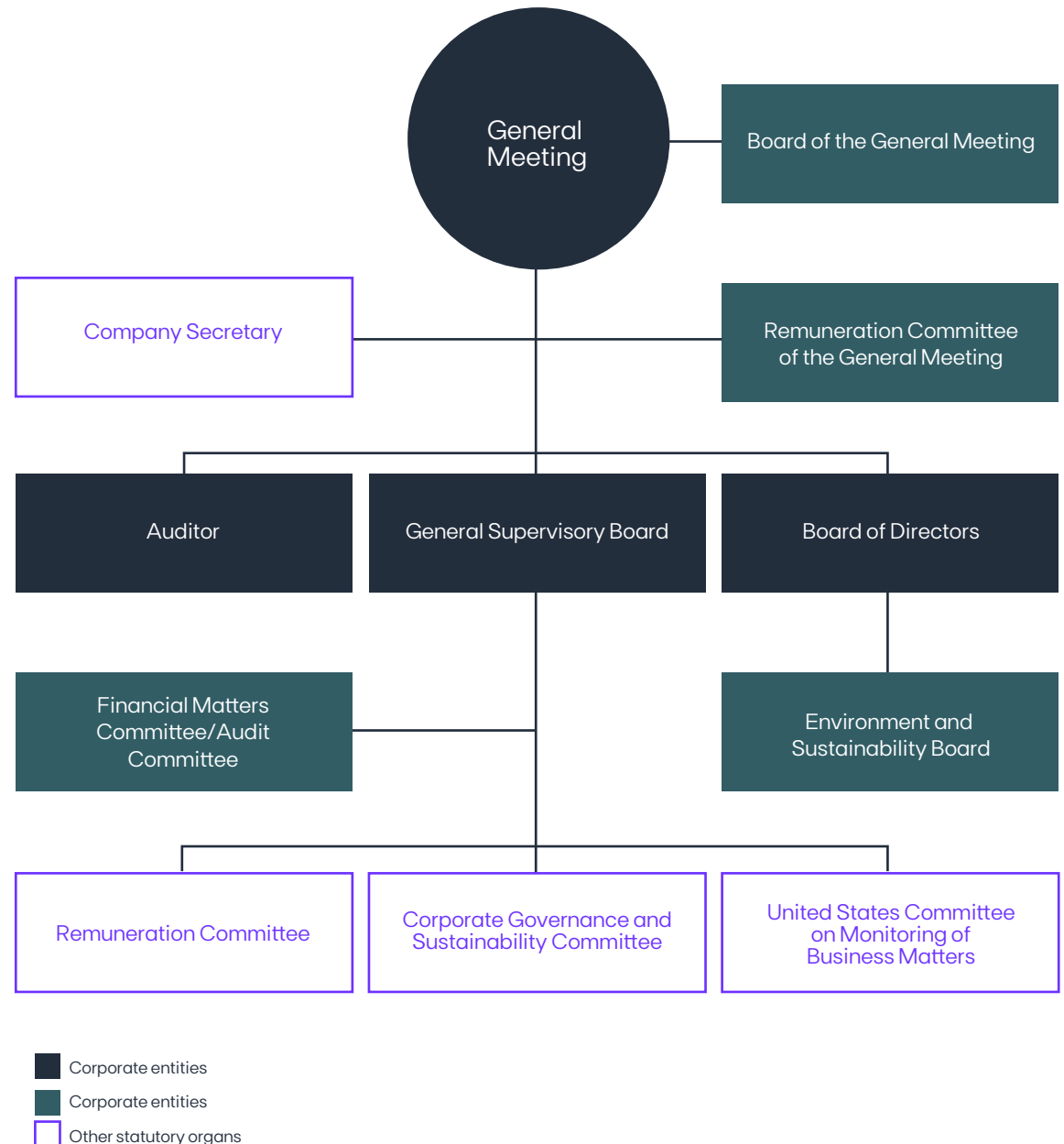
Organización de la Sostenibilidad

In Spain, the Environment, Sustainability, Innovation, and Climate Change Division (DASIC) has been delegated the responsibilities for the management of all these aspects, jointly with Quality and Stakeholder Management, for all the companies of the Group, such as EDP Redes España.

This Division is responsible for the implementation of the Environmental Policy, from which the Climate Change management strategy is derived, together with the programmes, projects, and actions covering the Sustainable Development Principles of the EDP Group, the Stakeholder Management Policy, or the Social Investment Policy, among others.

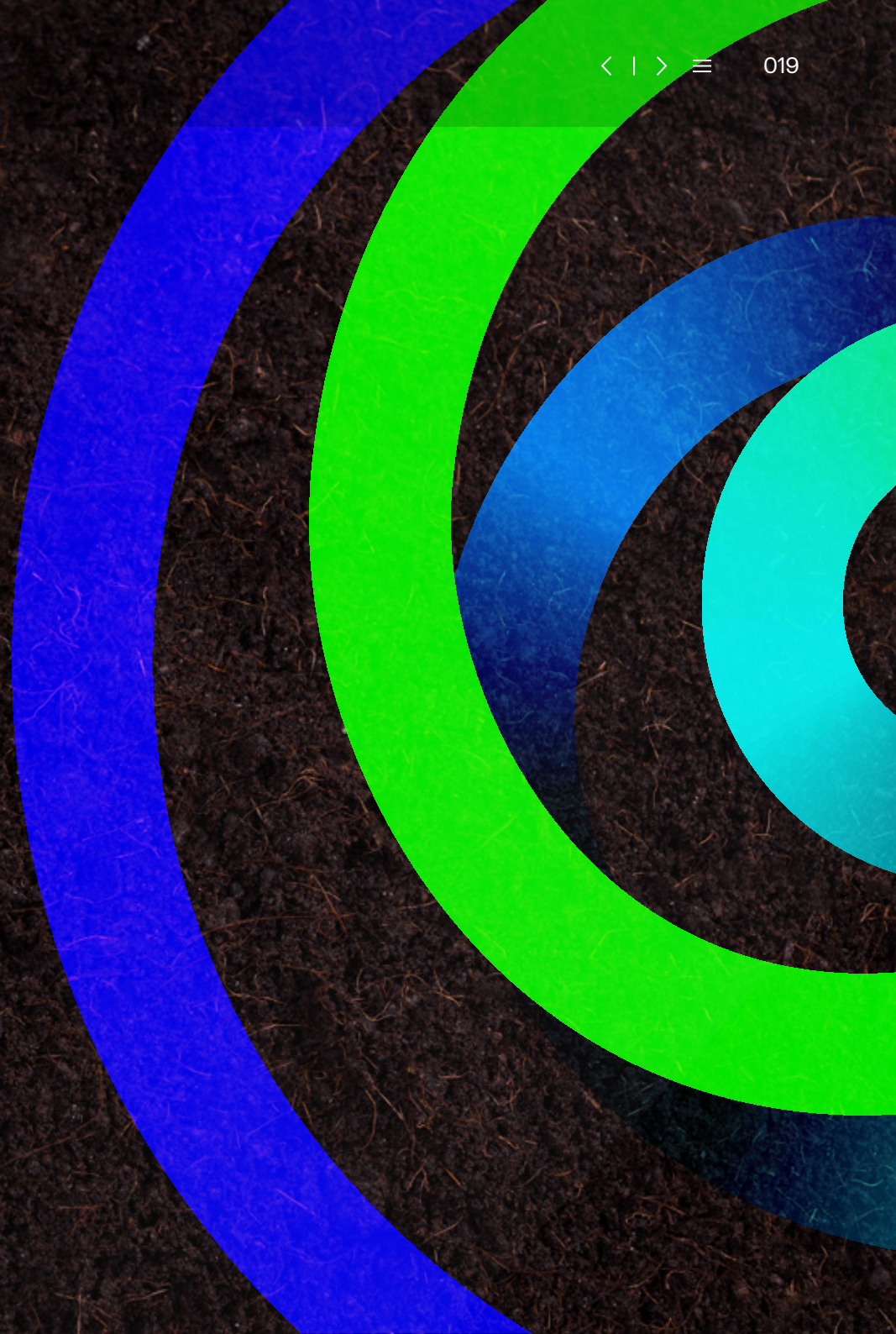
At least twice a year, the Environment and Sustainability Committees hold a meeting (jointly with Quality and Stakeholder Management), in which those responsible for each Platform, together with the DASIC, proceed to monitor the material matters in their respective activities.

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



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

Our heart



Sustainability Strategy



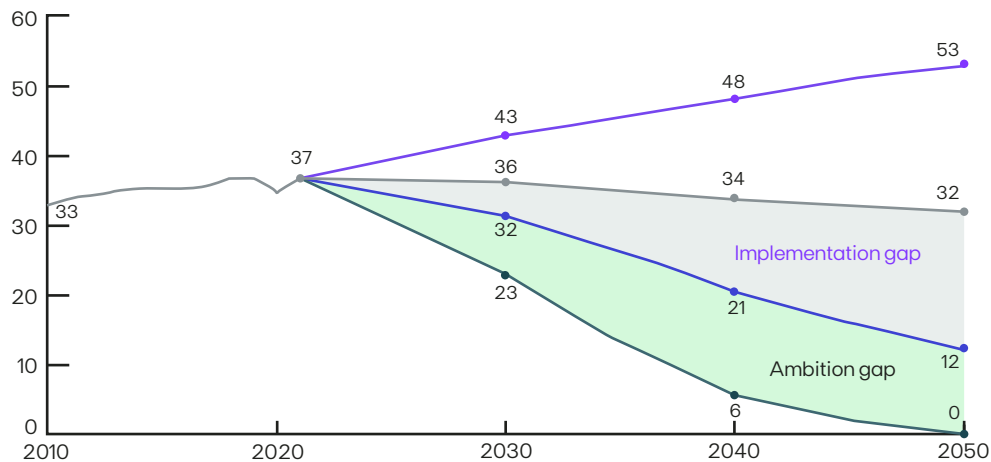
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Global energy trends

A unique challenge ahead

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

GLOBAL CO₂ EMISSIONS PER SCENARIO, 2010-2050



Fuente: International Energy Agency, World Energy Outlook 2022

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

¹Data extracted from the Net Zero Tracker on 6 January 2023
Data in thousand million tons of CO₂

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

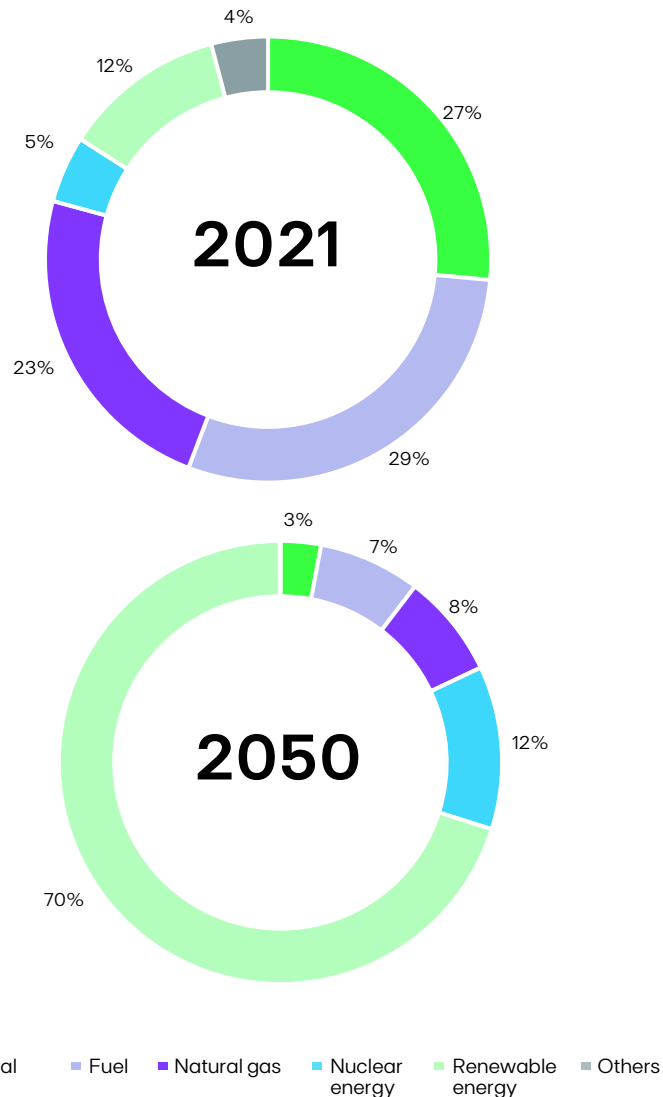
An energy transition based on 3 fundamental cornerstones

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

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

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

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



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

Other clean technologies are required to achieve carbon neutrality

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

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

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

Innovation and digitisation as key factors

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

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

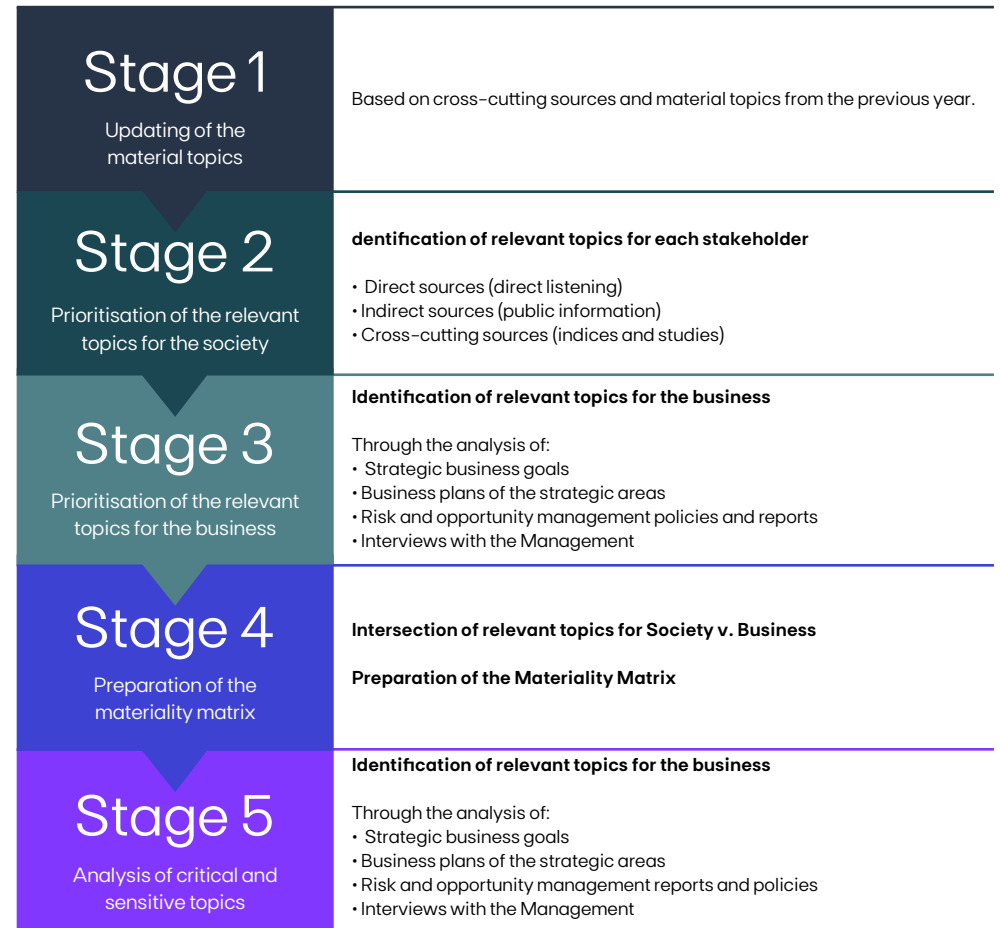


Materiality

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

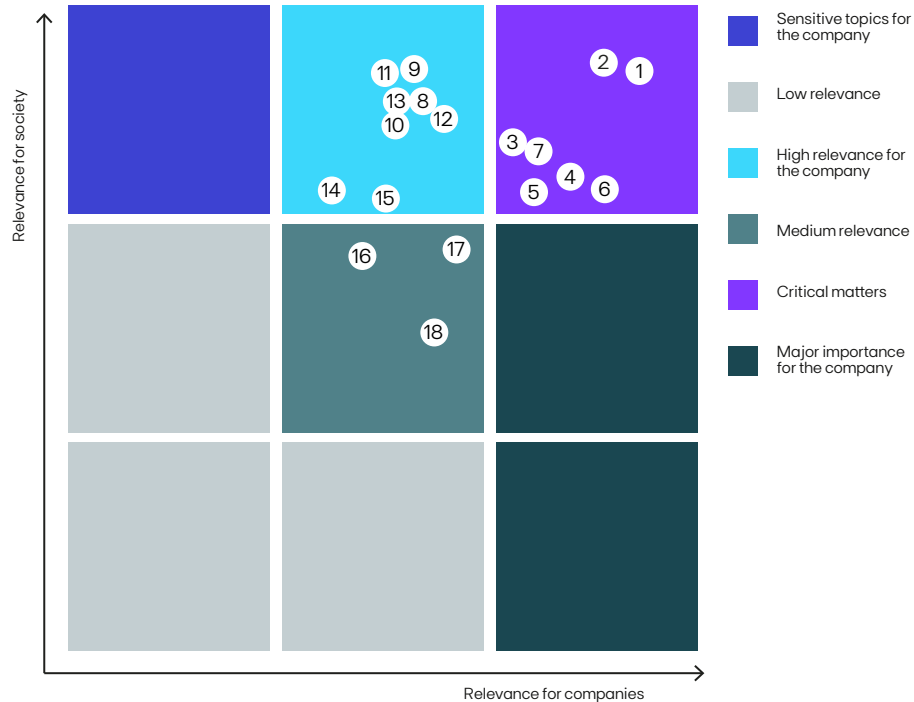
Thus, the process involves cross-checking the relevance of the different ESG topics (environmental, social, and governance) for stakeholders against their relevance for the organisation. The position of each stakeholder is analysed through reports, communications, facts, and insights gathered from direct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

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



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

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



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

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

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

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

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

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

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



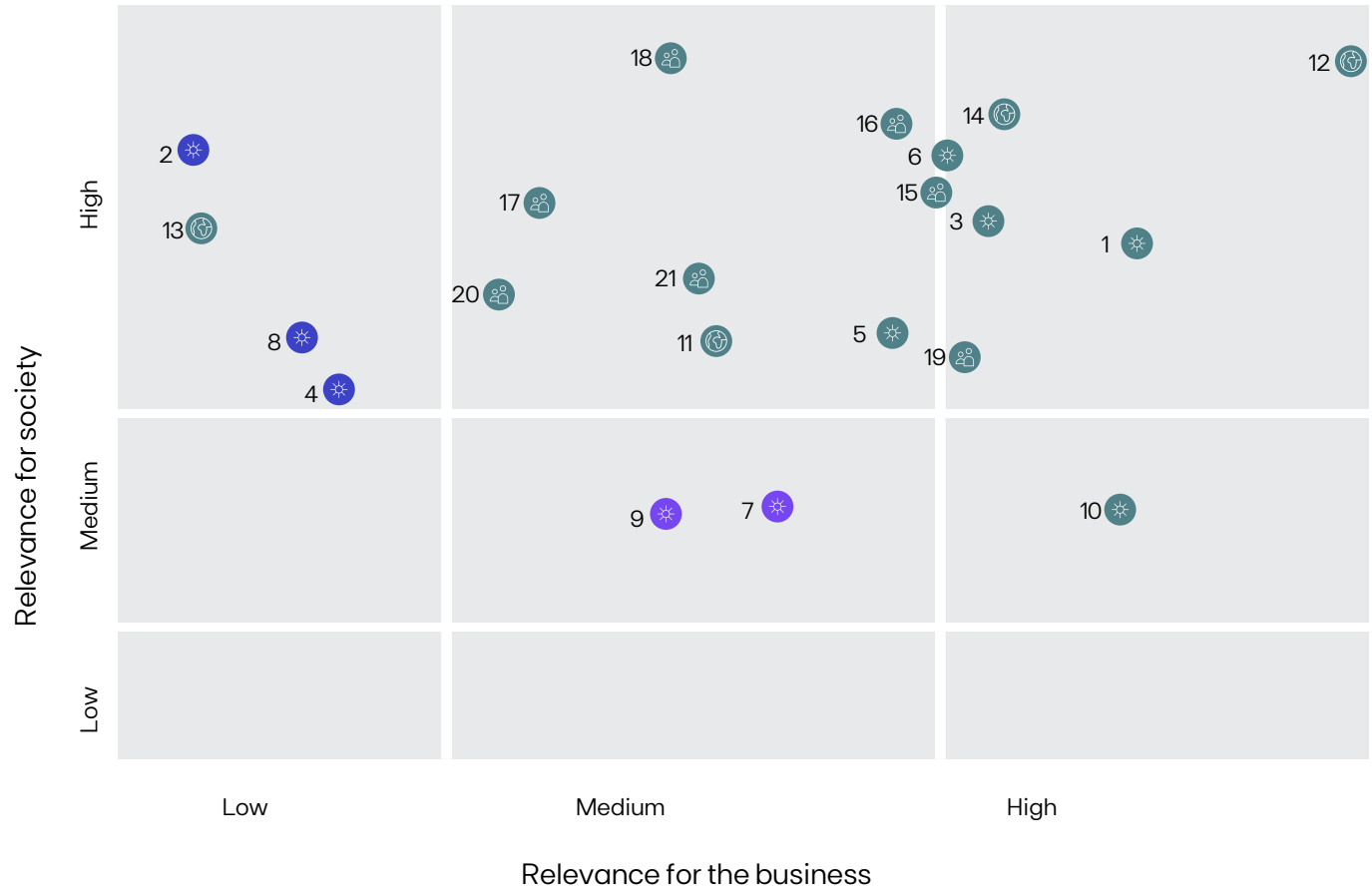
The materiality results and the prioritisation for each stakeholder are:

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

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

The following matrix is obtained from the analysis of the internal and external relevance. The matrix below is divided into 9 sections that represent the materiality level for each category. The most relevant categories on an external level in 2021 have been the following:

- 1. Human and labour rights (93%)
- 2. Climate alterations (93%)
- 3. Environmental management (89%)
- 4. Crisis management (88%)
- 5. Energy infrastructures (86%)
- 6. Vulnerable customers (86%)
- 7. Engagement in local communities (83%)
- 8. Communication and transparency (82%)
- 9. Digital transformation (82%)
- 10. Sustainable mobility (79%)
- 11. Promotion of renewable energies (79%)
- 12. Customer satisfaction and care (75%)
- 13. People management (75%)
- 14. Corporate governance (71%)
- 15. Innovation and research (71%)
- 16. Energy efficiency (71%)
- 17. Safety (70%)
- 18. Corporate ethics (67%)



The most relevant categories on an internal level in 2021 have been the following:

- 1. Climate alterations (98%)
- 2. Sustainable mobility (80%)
- 3. Supplier management (79%)
- 4. Environmental management (71%)
- 5. Digital transformation (69%)
- 6. Safety (68%)
- 7. Engagement in local communities (67%)

CRITICAL RELEVANCE (Very relevant for society and the business)

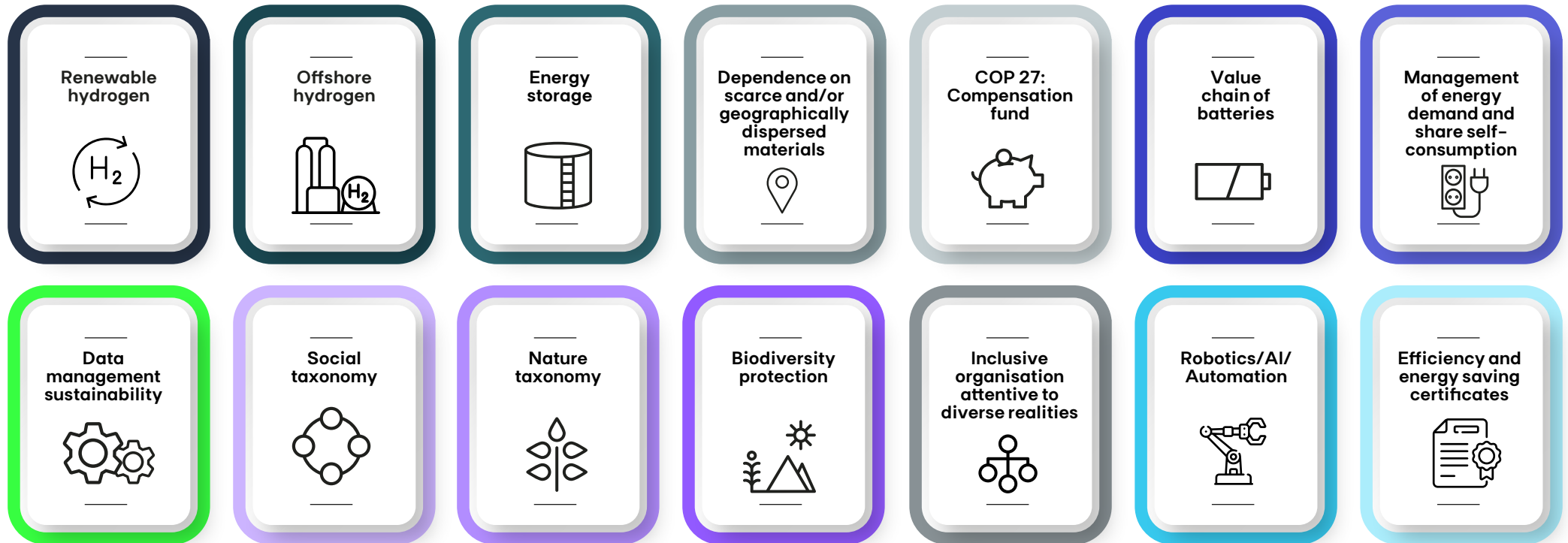
SENSITIVE TOPICS FOR THE BUSINESS (Very relevant for society and not much relevant for the business)

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

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

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

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



Risk management

Risk governance model

The EDP Group follows a risk governance model recognised in specialised literature¹, based on the concept of three internal lines of defence in the organisation, which may be supplemented, in specific circumstances, by a fourth external line of defence, in the shape of an external audit, regulation, or supervision.

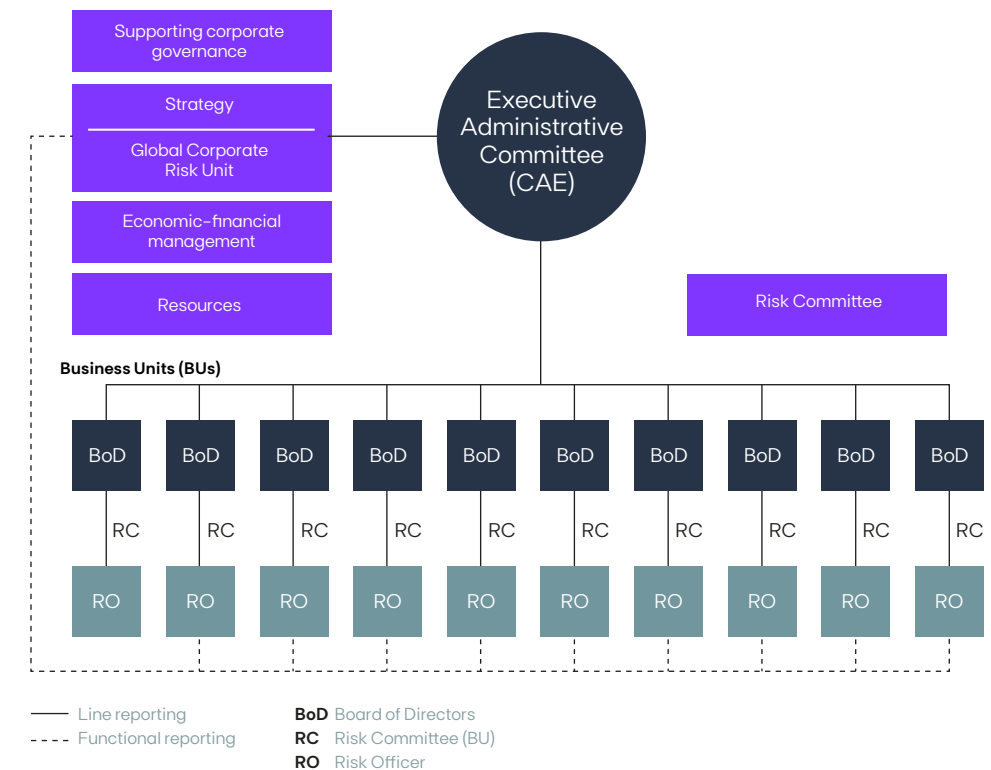
For each line of defence, responsible organs are defined, and forums for discussion and decision are formally established to materialise each line of defence on a corporate and Business Unit level, avoiding duplicated efforts and/or the existence of gaps, and promoting cooperation and collaboration among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

RISK GOVERNANCE MODEL CONSISTING IN THE THREE LINES OF DEFENCE

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

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

CORPORATE FUNCTIONS



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






Key risks

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

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

	Exposition of topics (non-exhaustive)		Recent or expected development in the short term	Mitigation measures (non-exhaustive)
Strategy and SDGs	Strategy <ul style="list-style-type: none"> - Geopolitical instability - Social and economic crises - Technology disruption - Changes in the competitive paradigm 	+	<ul style="list-style-type: none"> • Geopolitical instability due to the stagnation of the Ukrainian conflict, with the following collateral effects (1) on a macroeconomic level (rising inflation and uncertainty about its persistence, and political, social, physical, and monetary response), and (2) instability in the supply chains (particularly, in the energy sector and in Europe, increased exposure to supply chain risks; current transition to the regulated market; and change in the EDP Group customer paradigm). • Widespread loss of purchasing power, with relevant impacts on the population and on companies, increasing the pressure on the social and economic crisis. 	<ul style="list-style-type: none"> • Creation of a multidisciplinary crisis management team to monitor the development of the energy and geopolitical crisis. • In-depth analysis of the suppliers' exposure in the supply chain. • In-depth analysis of the exposure and assessment of the impact of the inflation rise.
	ESG <ul style="list-style-type: none"> - Climate change, biodiversity, and circular economy - People, communities, and human rights - Corporate conduct and ethics 	=/+	<ul style="list-style-type: none"> • Drought scenario with a sharp drop in hydroelectric production, and additional measures to increase the strategic water reserve by the Government, prioritising competitive use of water. • Strengthening of the EDP Group's commitment to renewable technologies, in line with the political decarbonisation targets of the economies. • First position in the Dow Jones Sustainability Index among integrated utility companies. • Leaders in the GRESB and EcoVadis sustainability indices. 	<ul style="list-style-type: none"> • Rigorous and prospective analysis of investments, allowing us to anticipate and adapt our business model to the potential market development trends (for example, electrification). • Monitoring of the ethical risk by the Ethics Ombudsperson Office. Collection, analysis, and assessment by the Ethics Committee of all the complaints about unethical behaviours. • Regular assessments of safety risks and implementation of safety measures (for example, regular training in H&S, safety teams).
Business	Energy markets <ul style="list-style-type: none"> - Fluctuations in pool, raw materials, and CO₂ prices. - Volatility in the renewable energy production volume (that is, hydroelectric) - Volatility in energy consumption 	+	<ul style="list-style-type: none"> • High volatility and price rise in energy markets, especially in Europe. • Implementation of the Iberian mechanism. 	<ul style="list-style-type: none"> • Diversified energy portfolio in line with the climate transition trend. • Coverage of the main sources of exposure (for example, fuel prices).

	Exposition of topics (non-exhaustive)		Recent or expected development in the short term	Mitigation measures (non-exhaustive)	
Financial	Regulatory	<ul style="list-style-type: none"> - Variation of sectoral fees, taxes, and charges. - Changes in the fee systems of regulated activities. - Changes in laws. - Changes in standards (for example, environmental or climate-related). 	=/+	<ul style="list-style-type: none"> • Regulatory impacts materialising with respect to results. 	<ul style="list-style-type: none"> • Monitoring and thorough preparation of the different regulatory files, including the forecast of potential regulatory risks (for example, climate transition risks).
	Financial markets	<ul style="list-style-type: none"> - Financial: <ul style="list-style-type: none"> - Fluctuations in interest rates. - Markets: <ul style="list-style-type: none"> - Fluctuations in exchange rates. - Fluctuations in the inflation rate. - Fluctuations in the value of financial assets held by the Group. 	+	<ul style="list-style-type: none"> • The war in Ukraine and the post-pandemic period with an impact involving restrictions in supply chains, which led to a rise in inflation rates across the world (especially affecting energy prices). As a consequence of the higher inflation rate and in an attempt to combat its growth, the main Central Banks rose interest rates, reaching the highest levels in the last ten years. • Depreciation of the EUR compared to the USD and to the BRL, due to the instability related to the war in Ukraine. 	<ul style="list-style-type: none"> • Mitigation of the interest rate risk according to the risk limits established by the Group policies. • Diversified exposure to the exchange rate risk with a tendency to a balanced net position (assets - liabilities), through financing sources in the local currency and/or the use of hedging instruments. • Contracts with inflation indexation components. • Reduced weight of strategic financial assets and allocation of cash mainly to short-term bank deposits.
	Credit	<ul style="list-style-type: none"> - Credit: <ul style="list-style-type: none"> - Non-compliance by financial counterparties. - Default by Retailers. 	+	<ul style="list-style-type: none"> • Increase in some credit risks due to price escalation in energy markets 	<ul style="list-style-type: none"> • Regular monitoring of counterparties. • Non-speculative financial instruments with low complexity and high liquidity. • Credit insurance and bank guarantees (where appropriate).
	Liquidity/Solvency	<ul style="list-style-type: none"> - Specific cash deficits. - Downgrading of the financial rating (and subsequent increase in financing costs and limited access to financing). 	+	<ul style="list-style-type: none"> • Increase in liquidity needs in organised futures markets due to price escalation in energy markets, adjusted to the conservative liquidity position of the EDP Group. • Increase in the amount of available funds in connection with the increase of liquidity needs. 	<ul style="list-style-type: none"> • Cash pooling. • Constant control of the liquidity levels on a scenario of stressed risk to guarantee meeting the cash needs (sufficient to cover two years). • Diversification of financing sources, the profile of debt types, and the maturity thereof.
	Social obligations	<ul style="list-style-type: none"> - Social: Capitalisation of the defined Fund - Obligations: <ul style="list-style-type: none"> - Pension fund - Additional early retirement expenses - Medical expenses 	+	<ul style="list-style-type: none"> • Comfortable capitalisation position with a lower financing deficit risk due to the decreased value of liabilities with the increase in interest rates. 	<ul style="list-style-type: none"> • Regular monitoring of the Defined-Benefit Pension Fund, the value of its assets, and the responsibilities assumed by the specific committee (including financial and risk units).

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

Emerging risks

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

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

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

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

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

Risk appetite

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

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

- The regular preparation and approval of the Group's Business Plan by the Executive Board of Directors, which is disclosed to all the stakeholders, and which establishes the key strategic guidelines for the next three to five years.
- The rigorous assessment of the risk related to investment and divestment opportunities proposed by the Business Units and approved by the Executive Board of Directors, including the estimation of the returns adjusted to the risks against the established limits. This assessment is based on the Investment Committee's opinion, which includes specialists in the pertinent areas.
- The development of a wide set of risk management policies, both on a corporate and a Business Unit level, which set out guidelines, assessment methodologies, and exposure limits for the main risks².
- The regular development of risk mapping exercises, based on objective, quantitative, and comparable criteria, allowing to analyse the exposure to key risks, as well as the implementation of preventive actions to tackle the excessive exposure to risks (relating the established risk tolerance).
- The establishment of a wide set of mechanisms for the regular notification of key risks, on a Group and Business Unit level, thus allowing to regularly monitor the development of current and emerging risks and to compare the exposure to different risk profiles within the established limits.
- The adoption of a risk governance model based on three independent lines of defence (business, risk/compliance, and internal audit), which guarantees the implementation of the established strategies and the alignment with the risk appetite.
- The definition of an internal risk tolerance framework, approved by the Executive Board of Directors.

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

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

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

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

Risk appetite statement of the EDP Group

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

First-level statement	Second-level statement	KPI (Target)
<p>Leader in innovation, sustainability, and reputation</p> <p>Leader in innovation, sustainability, and reliability for all the stakeholders.</p>	<p>ENVIRONMENTAL SUSTAINABILITY Benchmarks in energy transition, with results supported by independent international enti</p>	<p>Reduction of CO₂ emissions Renewable installed capacity</p>
	<p>INNOVATION Keeping up to date with key technology advances to remain competitive and optimise the creation of value.</p>	<p>Digital CAPEX</p>
	<p>REPUTATION AND ETHICS Guaranteeing the best reputation among peers and an exemplary ethical record.</p>	<p>Score in ESG indices (DJSI, MSCI, CDP, Sustainalytics), and RepRisk Ethisphere certification</p>
	<p>CUSTOMER SATISFACTION Guaranteeing exceptional overall customer satisfaction levels.</p>	<p>Customer satisfaction level Number of complaints</p>
	<p>EMPLOYEE SATISFACTION Maximisation of our commitment to employees and a healthy work environment, within a flexible organi-sation.</p>	<p>Score of employee engagement and motivation</p>
<p>Operating excellence</p> <p>Prudent operating management, following the best practices and preventing business disruptions.</p>	<p>AVAILABILITY AND INTEGRITY OF PHYSICAL ASSET Prudent maintenance and security of physical assets, in addition to insurance and contingency and recovery plans, which guarantee limited operating losses, an exceptional service quality, and the availabi- lity of assets.</p>	<p>Losses in physical assets after insurance Unavailability of the grid due to extreme events Service quality indicators (Installed Power Equivalent Interrup- tion Time [TIEPI], SAIDI) Loss ratio</p>
	<p>TECHNICAL AND NON-TECHNICAL ENERGY LOSSES Control of the technical and non-technical energy losses in the electricity distribution grid, by means of adequate technology, maintenance, operation, and fraud prevention processes.</p>	<p>Losses (total, technical, and non-technical)</p>
	<p>PROCESSES Pursuit of increasingly efficient and adequately controlled processes and, in case of critical interrelated processes, guarantee of business continuity and recovery in abnormal or critical situations, and minimisa- tion of procedural errors.</p>	<p>KPI Global Digitisation Critical processes with business continuity strategies per BU</p>
	<p>VALUE CHAIN Strengthening of the efficacy, sustainability, resilience, and continuity of the supply chain, providing an excellence service to customers and partners in a safe way, while guaranteeing suppliers' mandatory compliance.</p>	<p>Critical supplier purchasing volume (including ESG and performance assessment</p>
	<p>LEGAL/ COMPLIANCE Zero tolerance to illegal behaviours or intentional breaches of rules and/or regulations, integrity rules, and contractual obligations.</p>	<p>Contingent liabilities and provisions Implementation of the recommendations resulted from the internal audit In-house training in compliance Counterparty integrity risk</p>
	<p>FRAUD Zero tolerance to fraudulent behaviours by any employee of the company, as well as suppliers and other related third parties.</p>	<p>Nº of complaints and non-compliances associated with fraud risk</p>
<p>HEALTH AND SAFETY Zero tolerance to health and safety incidents regarding employees, external contractors, or other third parties. Development of preventive policies and measures and implementation of awareness actions, supported by the specific area.</p>	<p>Frequency and severity index of occupational accidents (including fatal ones) involving employees, external suppliers, and third parties Incidence of COVID-19 cases and % of employees vaccinated against COVID-19</p>	

First-level statement

Second-level statement

KPI (Target)

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

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

EDP Redes España Sustainability Plan

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

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

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

Based on these 5 pillars, the Sustainability ambition is thus established:

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

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



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

WHAT DO WE WANT

DECARBONISATION

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

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

Decarbonisation of the supply chain: accelerating the suppliers' commitment to improve CO2 reporting and keep reporting on the monitoring of scope 3 and emission reduction, with the goal of obtaining the SBTi recognition.

HOW DO WE DO IT

OUR COMMUNITIES

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

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

OUR PLANET

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

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

OUR PARTNERS

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

AND DRIVEN BY

ESG CULTURE

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

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

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

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

EDP: Resilient electricity grids

Key ESG topics

- Adaptation and resilience
- Circular economy
- Natural capital and biodiversity
- Local communities
- Health and safety

Developing smarter and more resilient grids to support the energy transition

Decarbonisation is only possible if we increase access to clean energy. For this goal, our electricity grids play an essential role.

We will implement innovative technology solutions in an integrated manner to develop smarter grids that are more flexible and reliable, which meet the growing decentralised generation and the increase in extreme weather events.

The large area and the orography of our grids represent an additional challenge for the necessary management of the protection of the nearby local communities and surrounding biodiversity. We will continue conducting preventive inspections of our grids and entering into partnerships with our business partners and competent authorities to implement solutions that will protect local communities and biodiversity. Plus, we will work to actively incorporate circular economy measures upon the increase in construction, alteration, and maintenance activities carried out in the grid infrastructures.

We are aware of the underlying risks as regards health and safety in the construction and exploitation of our grids. We have to guarantee as much as possible that our expansion will be safe for all the people working in the field. Our goal is to effectively integrate a health and safety culture to protect our workers in the field and our subcontractors for a better tomorrow.

EDP REDES ESPAÑA: STRATEGIC TOPICS FOR MORE RESILIENT ELECTRICITY GRIDS

Decarbonising for a climate positive world

- Increased access to clean energy and support of flexible services
- Preparation of the grid for distributed energy
- Adaptation of the grid to extreme weather events
- Reliable and smart operation of the grid

Educating our **communities** so they play an active role in the energy transition

Reliable access to energy
Affordable access to energy
Social permit to operate

Protecting our **planet** and contributing to its regeneration

Responsible land use
Resilience of ecosystems
Management of natural capital
Management of product life cycle

Together with our **partners** for a striking transformation

Collaboration with the competent authorities
Health and safety of our suppliers

A sound ESG culture for the creation of long-term value

Health and safety culture
Comprehensive ESG policies

2021-2025 ESG ACTION PLAN OF EDP REDES ESPAÑA: CROSS-CUTTING GOALS

Commitments	Strategic lines	Activities	2025
Leading the energy transition	ESG reference	<ul style="list-style-type: none"> Decrease in the emission intensity (Scope 1 and 2) vs. 2015 (CO₂ eq) Decrease in Scope 3 emissions vs. 2015 	≈70% ≈30%
	Sustainable consumption	<ul style="list-style-type: none"> Climate change adaptation plan Decrease in emissions in the value chain vs. 2015 	100% -10%
	Innovative and digitally driven	<ul style="list-style-type: none"> Fleet electrification (%) Customer satisfaction Investment in R&D&I and digital transformation (M€) 	> 40% > 75% 21
Committed to the protection of the environment	Circular economy Natural capital	<ul style="list-style-type: none"> Decrease in total waste and waste recovery vs. 2015 (%) Implementation of action plans in assets entailing biodiversity risks (%) Internalising natural capital in the decision-making processes 	-85%/85% 100% 100%
	Adaptation and resilience	<ul style="list-style-type: none"> Plans and actions implemented and disseminated 	100%
Future-proof organisation	Talented and empowered people	<ul style="list-style-type: none"> Women (%) Women in leading positions (%) Fatal accidents Frequency rate (accidents)¹ 	30% 30% 0 1.55
	Sustainable partners	<ul style="list-style-type: none"> Purchasing volume subject to ESG criteria Ratio of suppliers compliant with ESG criteria vs. total supplier 	40% 100%
	Inclusive communities	<ul style="list-style-type: none"> Social investment in line with the SDGs 	✓
ESG excellence	Solid ESG governance	<ul style="list-style-type: none"> Top quartile in performance in ESG assessment indices² 	✓

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

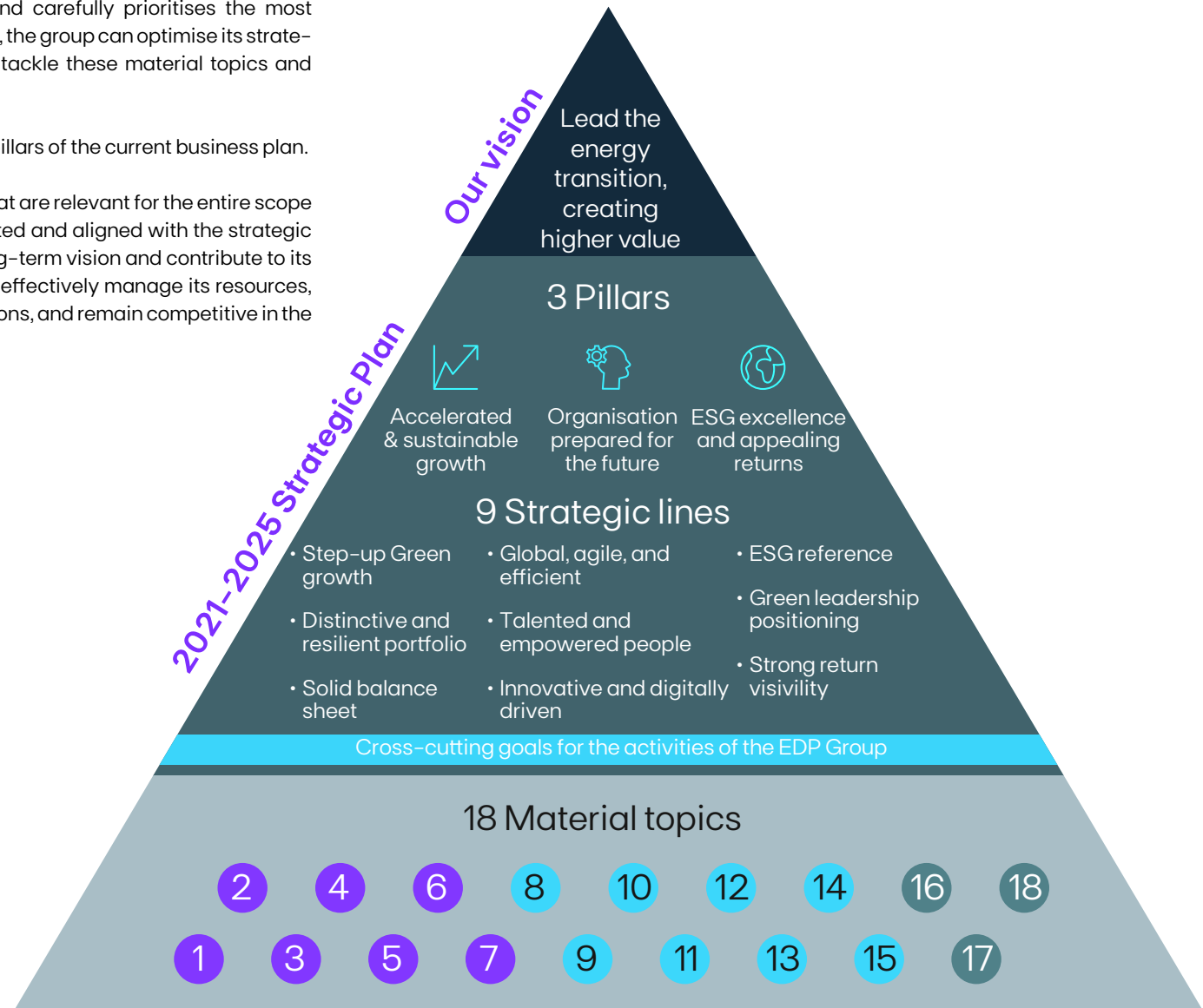
² GRESB and contribution to the Group's indices, such as DJSI, FTSE4Good, MSCI and Sustainalytics.
EDP Redes España 2022 Sustainability Strategy EDP Redes España Sustainability

Strategic alignment

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

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

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



EDP, world's most sustainable utility

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



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

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

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

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

Excellence for 15 consecutive years

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

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

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

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

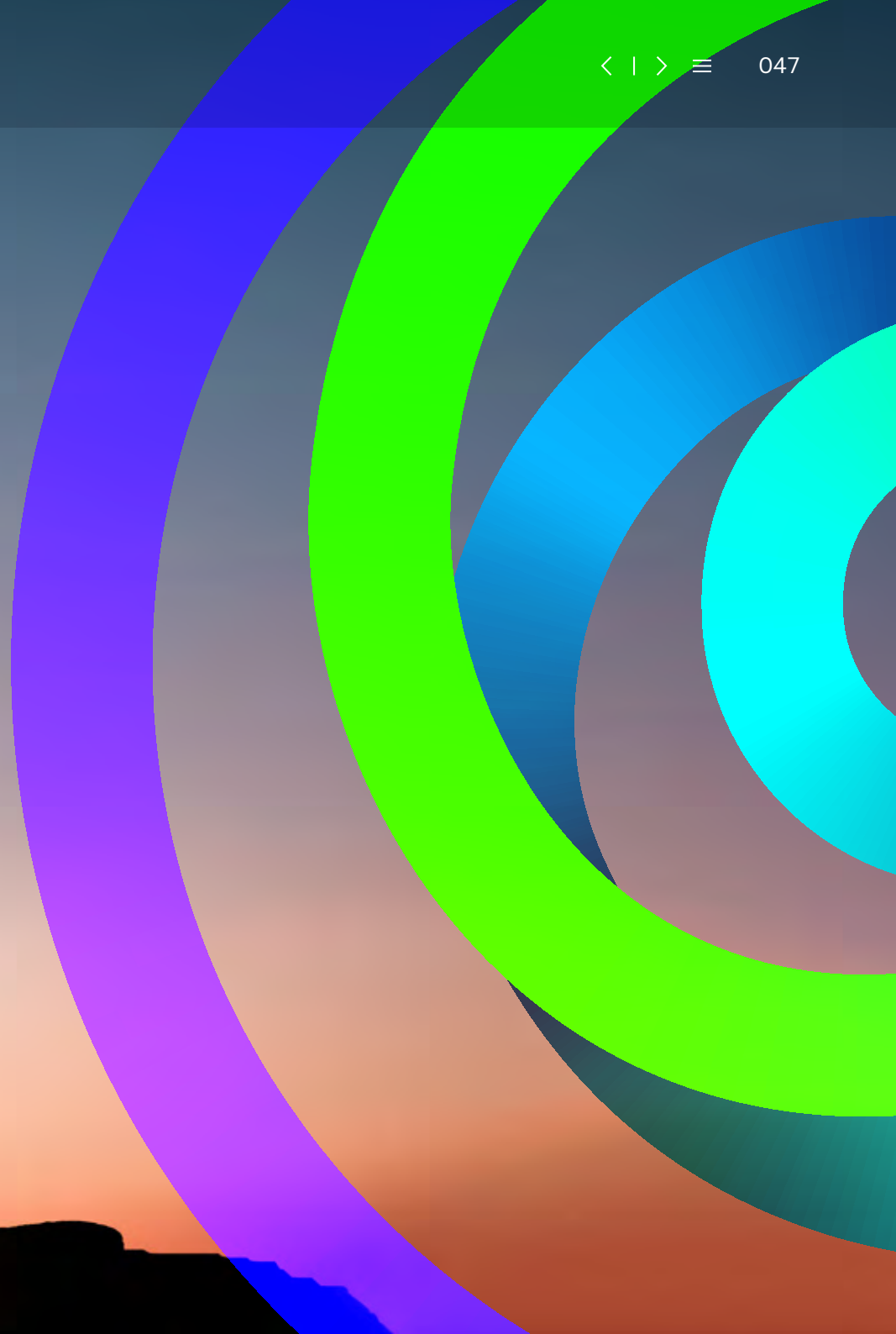
The Dow Jones Sustainability Index is a world benchmark in the sustainability field; it was created in 1999 as the first reference non-financial performance index for listed companies around the world.

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

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

[ESGRatings](#)

Our energy



Performance



Markets and current regulations	49
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Regulatory measures in Europe



8



26 July 2022

Acuerdo de los ministros de Energía acerca del Reglamento sobre medidas coordinadas de reducción de la demanda de gas.

9



14 September 2022

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

10

30 September 2022

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

13

3 December 2022

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

12

20 and 21 October 2022

EU leaders reach an energy agreement.

11

18 October 2022

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

14

14 December 2022

A provisional agreement is reached on the REPowerEU plan.

15

19 December 2022

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

Regulatory measures in Spain

1

Royal Decree-Law 6 March 2022

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

2

Royal Decree-Law 10 May 2022

- Iberian adjustment mechanism ("gas cap2).
- Obligation to review the voluntary price for small consumers before 01/10/2022.

3

Royal Decree-Law 11 June 2022

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

4

Tax. July 2022

Energy tax bill (1.2% turnover)

7

EU Regulation

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



6

Royal Decree-Law 17 September 2022

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

5

Royal Decree-Law 4 August 20

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



8

+SE Plan. October 2022



9

Royal Decree-Law 18 October 2022

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

10

Royal Decree-Law 20 December 2022

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

11

Law 38/2022 on the establishment of temporary energy taxes

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

Accelerated and sustainable growth

Customers connected to smart grids

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

In figures, the distribution grid is equipped with 52,643 km of lines and 1,383,123 supply points, operating in the Principality of Asturias, Cantabria, Galicia (Lugo), Castilla y León (Palencia and Burgos), Aragón (Huesca and Zaragoza), Madrid, Catalonia (Barcelona and Tarragona), and the Region of Valencia (Valencia and Alicante).

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

Service quality 2022

TIEPI 17.5
minutes

M-V SAIFI 0.79

M-V SAIDI 43.4
minutes

L-V SAIFI 0.45

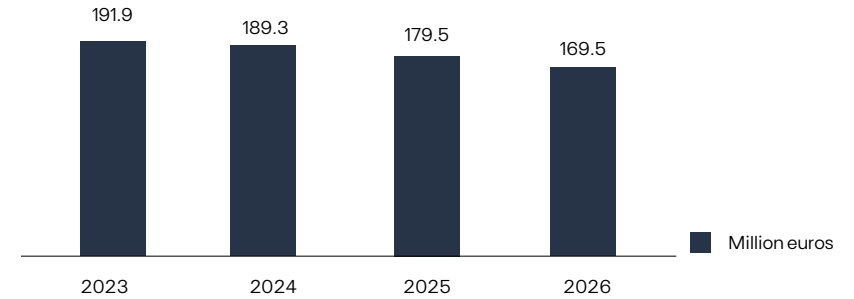
L-V SAIDI 19.7
minutes

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

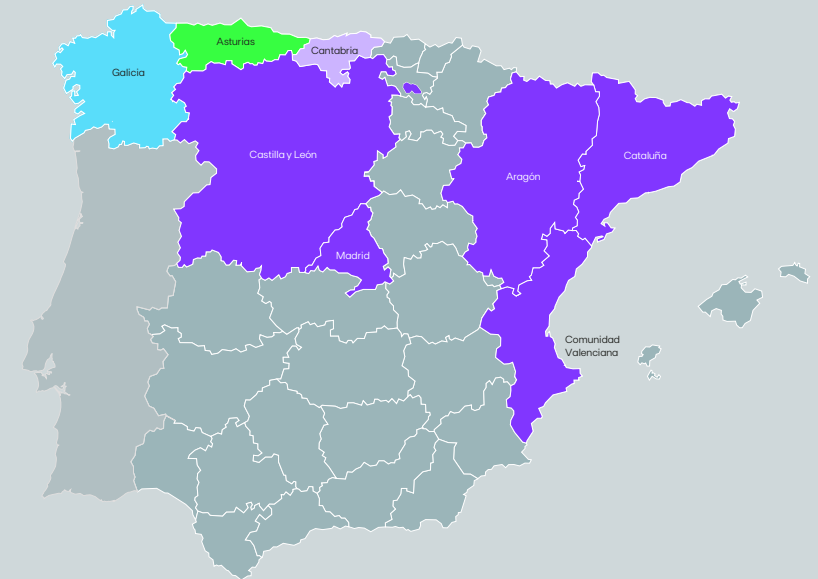
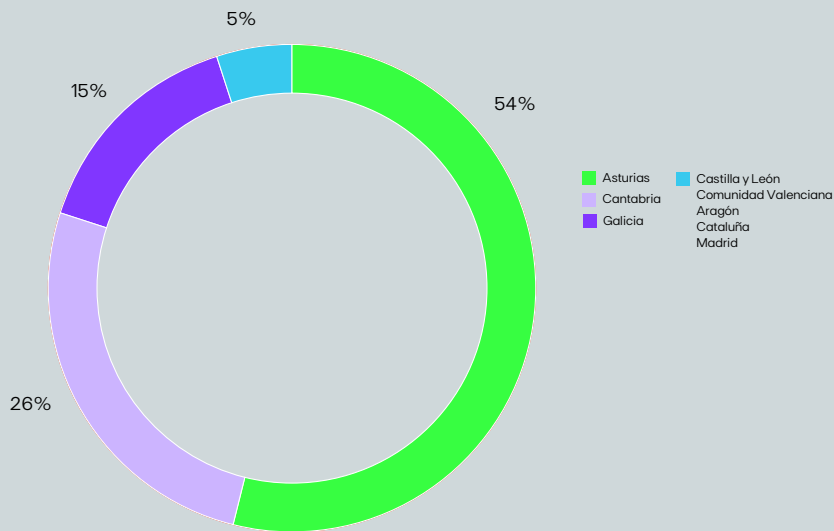
Distributed per year, the planned investment for 2023 is 191.9 million; 189.3 million in 2024; 179.5 million in 2025, and 169.5 million in 2026.

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

Plan de inversión previsto 2023–2026



EDP Redes España per autonomous region in 2022



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

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

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 from 0 to 10, with the data being collected through a simple survey. The overall service rating in 2022 reaches 25.3%, which means a 50% improvement.



Smart grids for the energy transition

Vega integration project

The Vega integration project is aimed at making EDP Redes España a leader in the electricity distribution business in Spain, identifying and implementing the best practices, unifying procedures, and establishing common criteria in the electricity distribution management business of the EDP Group in Spain.

The project is based on 4 pillars:

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

In its first two years, the project has implemented more than 220 initiatives, in which more than 200 employees have participated, reaching high efficiency levels. Through this project, we keep progressing in the application of best practices, unifying procedures, and establishing common criteria in the management of the electricity distribution business of the EDP Group in Spain.

Customer Care Platform:

In 2022, a unified customer care platform has been launched for the Group Distributors as regards telephone assistance, front office, digital channels, and contact and complaint management.

Adjustment project to Royal Decree 1432/2008 on avifauna protection in the Principality of Asturias

Different actions aimed at the protection of avifauna have been developed as regards the minimisation of collision risk through the installation of bird-protecting and anti-electrocution devices, featuring elements made of insulating material and/or resting deterrents in high-voltage electricity lines.

Management of grid losses

Project to decrease low-voltage loss through the processing of available data:

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

Grid Loss Reduction Task Force, which has allowed to identify levers for decreasing losses, such as installing eco-design transformers in line with the EU Regulation on Eco-design, putting out of service power transformers, where it is possible in terms of grip operation, replacing conductors by higher voltage ones, changing line voltage, etc.

Digital transformation projects:

The portfolio of projects related to digital transformation includes 17 in innovation and 12 in data and smart grids. In 2022, 10 innovation projects and 6 data and smart grid projects have been completed, among which we can highlight:

- Datalake project, which will allow throughout 2023 and in the following years to improve predictive maintenance, asset management, grid operation, etc.
- Project to use low-voltage balances to identify mistakes in source data and thus improve the quality of information which is valid for all the applications concerned (ADMS, AMI, asset management).
- The low-voltage grid remote control strategy has been launched, by using CB2T (Remotely Controlled Low-Voltage Panels), as main lever to tackle the energy transition challenges in low-voltage grids. In 2022, the first prototypes were analysed.
- Other innovation projects in key technology areas for the digital transformation of the business: drones, artificial intelligence for image processing, use of satellites for overhead grids, etc.

• Other initiatives.

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



Increasing our grid's efficiency

Electricity distribution has a crucial role in the energy transition, as it must favour the integration of new energy agents, such as self-consumption and the electric car. Many works have been executed in 2022, such as the actions that have facilitated the grid exploitation and the actions that have improved the quality of supply, thus allowing us to be more environmentally friendly.

The main lines of action in which the company has invested have been

- Revamping of substations
- Digitisation of transformation centres
- Adjustments or renewal of lines

Below, we highlight some of the most relevant actions derived from the investment in distribution grids per geographical area:

Galicia:**New Arante 20 kV medium-voltage underground power line**

A feature of this work is the improvement provided in the operation and use of the grid in its area of influence. The purpose of this investment was the construction of a 20 kV underground line from the Ribadeo substation to link up with the current Cabarcos medium-voltage line, and to make the town centre of Ribadeo independent from other facilities in the rural environment and the overhead grid.

The new line is called the Arante MVL (medium-voltage line). This new supply to the urban area of Ribadeo, together with the other two existing MVLS, V_Ribadeo - ST Ribadeo and the Ribadeo ST Vegadeo MVL, has helped to improve the supply quality parameters in the area.

Espiñeirido 2 medium-voltage overhead power line: Undergrounding

The aim of this investment was to make transformers in the urban area of Cervo independent from the transformers in the rural area, so that the urban ones are now supplied by the Espiñeirido 2 MVL and the rural ones continue to be supplied by the Espiñeirido 1 MVL.

The scope of the project included the refurbishment and automation of the Viv.Soc.Cervo transformer and the change of power supply from the Bidueiras and G. Escolar transformers to the Espiñeirido 2 MVL currently at the Espiñeirido 1 MVL.

Calle Conde 20 kV Substation: Renovation

This project has seen the renovation of the 20 kV bays at the installation. In addition, two auxiliary transformers were replaced by two dry-type transformers. The control and protection cabinets have been renovated, thereby improving the building that contains the installations located in the centre of the city of Lugo.



Renovated facilities

Repowering and improved quality and security of supply in the city of Lugo

The repowering work carried out involved replacing the existing high-voltage line linking the Ludrio and Ceao substations with a new, more modern one. 13,722 metres long, the new line has increased its distribution capacity, increasing the quality and safety of the power supply to the city of Lugo and improving power evacuation. This improvement makes the grid able to meet a greater demand for power, mainly for new energy agents, such as solar self-consumption and electric vehicles.

The conductors were replaced by new ones. The main advantage of the new conductors, compared to the conventional ones, is the increase in carrying capacity without having to replace or reinforce most of the existing supports, thereby minimising the impact and effect of the project. The new conductors require modern cabling that needs specific work methods and laying equipment to put them into operation

Finally, the line has been equipped with bird anti-collision devices, installing crossed bands on the telecommunications and guard cable conductors..

Cantabria:**Rozadio 55 kV Substation: Refurbishment**

The scope of this project consists in renovating the monitoring and protection system for the existing 55 kV equipment. The transformers in the high voltage facilities have been replaced in order to adapt to the new system, all the disconnectors having been fully motorised and the switch controls refurbished. This project was carried out in coordination with Acciona and by separating both companies' control cabinets. It was implemented in one of the existing rooms at the Hydraulic Power Plant, where an independent system of auxiliary services, communications and cabinets with protective devices has been installed.



Rozadio substation

Maliaño 12 kV Substation: Refurbishment

The scope of this project consisted in renovating the installation's 12 kV bays, as well as auxiliary services. The improvement in operation and supply safety are the key points for this substation.

Two separate rooms have been built to house the new 12 kV bays to which the lines are then transferred. The 55/12 kV transformers are connected to the new bays with an insulated cable, replacing the open strips that used to cross the installation.



Maliaño substation

20 kV medium-voltage underground power line: Bezania-Sierra Transformers

This work involved building the medium-voltage link between the Bezania transformer, belonging to the Cacicedo – Soto de la Marina MVL, and the La Sierra transformer on the Corbán – Zar MVL, in the town of Santa Cruz de Bezana. This link includes a 1,150 m wiring system and the laying of conductor HEPRZ1 12/20 kV 1X240 K Al + H16, as well as the refurbishment of the Bezania Transformer to include a new MV bay for connection and operation of the link.

This link involves tagging two single taps for two different substations, improving the capacity to operate and respond to scheduled incidents and work in the area.



Layout of the new line

Corbán Hergom 55 kV HVL: Undergrounding

The aim of this investment was the undergrounding of several areas and the entrance to the Corbán substation in the 55 kV Corbán – Hergom high voltage area in the town of Sta. Cruz de Bezana, in order to eliminate the overhang above the substation's bus bars and infrastructure. 775 m were wired, as well as laying cable RHZ1RA + 20L(S) 36/66kV 1x800 Al + H205 Cu cable, and in addition to the installation of an end-of-line support with the overhead-underground conversion.



View of the different undergrounding points

Asturias:

Riera Substation: Comprehensive 50 kV refurbishment

This improvement consisted of replacing the 50 kV switchgear with new ones: switches with polymeric insulators and measuring transformers with epoxy resin insulation. The control and protection system has also been replaced, installing a digital system with the IEC 61850 protocol.



View of the finished works

Santa Cruz substation: 132/30 kV transformers

Three new 70 MVA 132/30 kV transformers were installed to replace the old ones in this project. Their installation also makes it possible to activate their respective 132 kV positions with GIS technology. This has improved the quality and security of supply in the electricity distribution grid. The Santa Cruz substation is a strategic facility in the distribution grid. It serves 41,000 supply points, including homes and companies in the towns of Mieres, Aller and Lena. It is also connected to the western Asturias power grid.

The role of the new transformers has been to modify the electricity voltage from 132 kilovolts to 30 kilovolts, from high to medium voltage, for local supply. Each transformer, which weighs nearly 100,000 kilograms, features state-of-the-art technology and improves distribution performance, reliability and efficiency.

With the building constructed in 2021 to house the various high-voltage equipment, EDP has completed the first of three planned phases in the project. The second phase will consist of dismantling the outdoor facilities and constructing a new building that will occupy part of the site. The new building will house the substation's medium voltage equipment. The third phase will consist of dismantling the buildings in the old thermal power plant, except for the one that houses the century-old turbo generator in the old installation, a unique item dating back to 1916.

The work to improve the substation will create 200 jobs for 30 companies. The project is part of EDP's 2021-2025 Strategic Plan, with investment planned in three main areas of action: renewable energy, network flexibility and innovative solutions for customers.



Installation of the new transformer

Langreo Substation: Comprehensive 20 kV refurbishment

The 20 kV distribution system is being subjected to a comprehensive refurbishment, consisting in replacing the plug-in trolley bays with new gas-insulated bays, and without any accessibility to live parts. To do this, it has been necessary to install temporary bays in order to dismantle part of the current ones and make room for the new distribution system.

13 bays were installed in the first phase, in a double bus-bar scheme in a specially designated room that constitutes an independent fire sector. The digital control and protection system integrated into the bays, with the IEC 61850 protocol, makes it possible to perform the necessary calculations to locate faults on the medium-voltage network lines, thus reducing downtime.



New bays in the Langreo substation

Carrió Substation: Expansion of 20 kV bays

Installation of a new 50 MVA 132/20 kV transformer, it being necessary to expand the 20 kV distribution of the substation with a new double bus bar arrangement.

The integrated digital control and protection system uses the IEC 61850 protocol, which allows remote access to the equipment, improving alarm management and setting changes..



View of the new room

Tabiella-Trasona 132 kV (L/ Quintana) HVL: Refurbishment

The purpose of this work was the comprehensive refurbishment of the 132 kV Tabiella-Trasona (Quintana) overhead line, consisting of the replacement of most of the supports, as well as changing its conductor. Maintenance work was in addition been carried out on the rest of the existing line.

This refurbishment improves the useful life of the asset's installation, increasing its operational reliability and improving the technical safety conditions and quality of supply linked to the operation of the line between substations.

Arenas 24 kV HVL: Changing insulation

This work consists of changing the insulation on a 6.2 km section of high voltage line between the Carreña substation (30/24 kV) and the WWTP in Arenas de Cabrales.



Support with changed insulation

View of the area

Bustio 24 kV HV Line

This project improves the protection of birdlife on the Bustio overhead high voltage line (24 kV), in the town of Ribadedeva, aimed at facilitating the experimental reintroduction of the white-tailed eagle (*Haliaeetus albicilla*) on the Cantabrian coast.



Support with protections in the Asturian littoral

Improvement in the quality of supply in Fuentes del Narcea Nature Reserve

In 2022, we have proceeded to renovate the entire stretch of the Genestoso line, in the heart of the Fuentes del Narcea Nature Reserve, including the installation of new wires with a length of 3.75 kilometres. The overhead stretches of this line have 27 support towers which have been also replaced. The new infrastructure is aimed at improving the quality of the electricity distribution grid in the face of potential storms, and guaranteeing both the security and the quality of supply in the rural area.

Committed to the protection of the environment, we have set the goal of minimising the environmental impact and reducing the execution times. For this reason, a study was conducted before renovating the line, since it is also an area that is hard to access.

The works to open tracks were extremely limited and complex and a helicopter was required to carry out the concreting work and to properly install the support towers.

Robotnik, a pilot project for remote, real-time supervision of distribution facilities

A pioneering project is being carried out in Torrelavega in the field of electricity distribution, with a robot that makes it possible to know the status of the facilities and equipment both remotely and in real time. This is an innovative initiative with which we are moving towards the digitisation of the grid and providing automated support in the operation and maintenance of our assets.

The robot, which is located at the Tanos substation, has been programmed with the collaboration of the Valencia company Robotnik. It has remote control and is equipped with geolocation systems and sensors to carry out remote supervision tasks on the equipment, both for checking operations and for inspection in the event of possible incidents. This new technology provides reliable information in the event of any eventuality in order to predict the magnitude and means necessary for effective resolution. The robot does in addition perform periodic thermography analysis to detect hotspots in the outdoor facilities. This preventive control makes it possible to schedule maintenance work, if necessary.



The robot is modular, which makes it possible to adapt it and include other devices that increase its functions or improve them, such as more sophisticated thermal imaging cameras. The 48 V direct current recharging process is automatically activated when the robot is positioned on its charging base. If the robot is working outdoors with a low battery level, it aborts its activity and returns to the station to recharge.

It has taken a year and a half to carry out this pilot project. Three thermographic inspections a day are scheduled that coincide with the peak load periods to make the inspection as profitable and realistic as possible. With this new technological implementation, we will have additional support in field work at substations in order to be more efficient in the processes and, ultimately, improve the quality of our service.

Continuous improvement

Lean has been the strategic programme for continuous improvement of the EDP Group into which the distribution teams have been incorporating since 2007. Its keys have been since maintained: people, initiatives, adaptation, communication, and innovation. Lean is a programme focused on people, since they play the main role in continuous improvement, by identifying problems and opportunities, as well as designing and implementing the improvement initiatives to meet these needs.

On a daily basis, people and teams work on the improvement of their 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.

Lean programme goals



Efficiency

- Standardisation of processes
- Time reduction
- Cost reduction
- Digitisation and mobility
- Incorporation of the best practices in the sector



Availability

- Work equipment
- Installations
- Predictive and preventive maintenance
- New projects
- Goal performance: quality, times, etc.



Environment and H&S

- Environmental improvements
- Health & safety improvements
- Adjustment of the installations
- Minimisation of risks



Customers and stakeholders

- Customer care
- NPS
- Digital customer
- Improvement of stakeholder relations
- ESG developments

During 2022, we have worked in two Lean teams in which 34 employees participate:

- Lean Grid Exploitation Team
- Lean Development, Customers, H&S, and Digital Transformation team.

These are some of the initiatives we have worked on this year:

1. Risk analysis prior to the start of work

This is a preventive tool that is the last step before starting an activity and provides the stimulus for an essential review to help determine whether the actual risks we face correspond to those identified in the preventive documents and whether the preventive and protective measures established are applicable or, otherwise, it is necessary to make certain changes for the activity, temporarily or permanently. The use of this tool has been recognised as a benchmark practice as part of our PlayitSafe project and we are working on the development of a mobile application (App) to ensure this analysis is simple, flexible and always available. It will be deployed during 2023 with training and usability courses for all employees.

2. Digitisation of OCRs

The OCR control system and communications have been completely overhauled and 100% of the OCRs have been fitted with sensors. This digitisation has enabled the following objectives to be achieved:

- Revamping and standardisation of communications based on TCP/IP and the IEC-104 protocol, gaining in speed and reliability.
- Standardisation of the control system in all OCRs, once again allowing greater reliability and improvements in maintenance processes.

- Improvement in the quality of supply, achieving a reduction in replenishment times and, therefore, an improvement in the TIEPI according to:

- Accuracy in fault passage detection.
- Oscillograph recording and automated processing for display in the "Oscilloscope Manager"
- Fault pinpointing (improvement in accuracy)



3. AI-based Intelligent Visual Inspection

At EDP we currently perform visual inspections of our assets through images captured by different means (helicopter flights, drones, on foot, etc.). The images are examined by a technician capable of identifying possible defects in the assets, and following different criteria established in the different regions. A process for image inspection, recording and categorisation of defects can require several months of work.

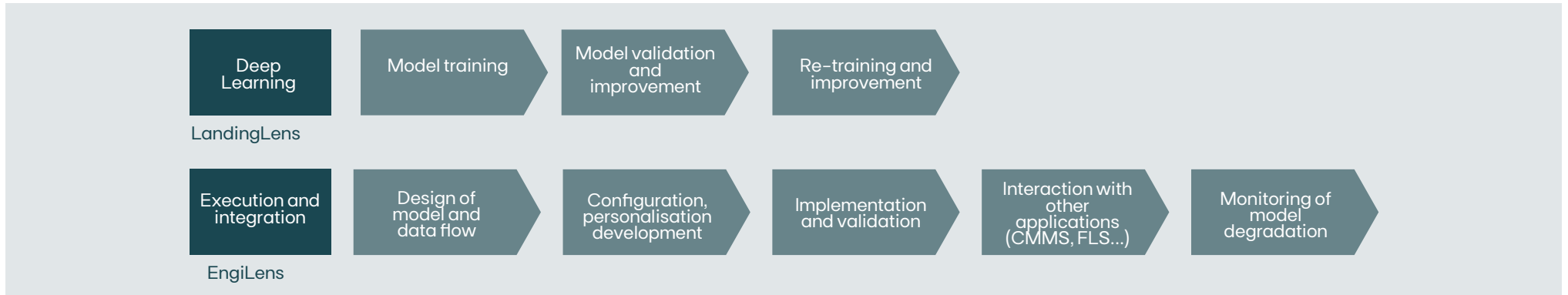
Visual inspection using artificial intelligence makes it possible, in the short term:

- To have more accurate and more frequent knowledge about the condition of assets, thanks to reduced inspection time.
- To reduce manual errors that identify false positives or ignore problems (false negatives), resulting in cost and time savings and increasing the quality of the grid.
- Standardised and objective use of criteria for classifying and assessing defects, thereby avoiding subjective interpretations

And in the medium term:

- The complete automation of the end-to-end process. From the design of the inspection programme to the end of the order after adjusting the detected defects.

SMART INSPECTION USING ARTIFICIAL INTELLIGENCE



Example of anti-climbing detection:



Example of warning sign detection:



4. Telemetry: password management

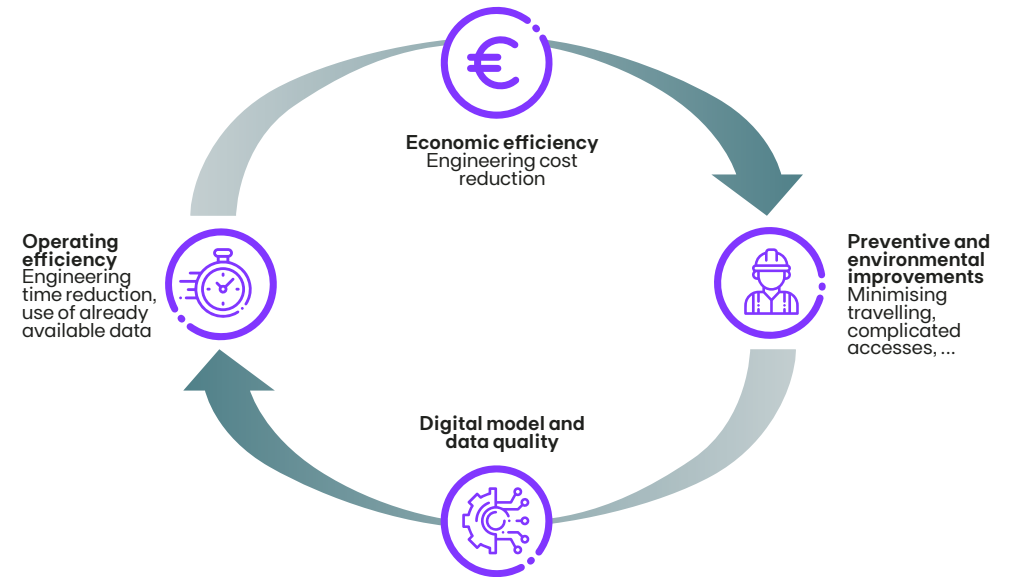
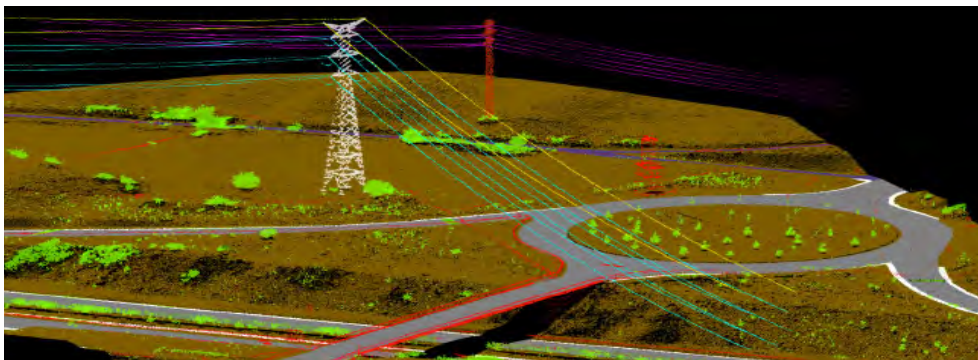
Faced with the problem of insufficient password management in telemetry, an RPA (Robotic Process Automation) process has been implemented for password management in equipment. This achieves univocal, automated, and massive management, better control of possible errors in the formation of passwords, and a more effective propagation to other systems that need to communicate with these devices.



5. LiDAR technology applied to Overhead Line Engineering

The use of LiDAR technology makes it possible to take maximum advantage of data made available in regulatory flights, making the engineering work more efficient and minimising field trips. Improvements can be obtained with the new evolutionary design, such as: Improving the availability of LiDAR data through implementation in the new GIS Applying this technology to new line projects

Continuing to study new possibilities offered by this technology



6. Central desk systems for detection of low-voltage grid incidents (short circuits and blown fuses), based on new advanced grid monitoring data

To improve the quality of service and the safety of people and facilities, new advanced monitoring sensors are currently being installed as part of the FlashBT project, making it possible to proactively notify the desk and/or field units when there is an overload, short circuit, or fuse blowout (red zone). Prior to this implementation, we were only aware of these defects when the supply was already failing. These faults do in addition cause electrodynamic stress on the low-voltage switchgear, which, together with the short-circuit power at these points and potential danger, makes proactive detection very beneficial.

Future-proof organisation

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

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

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

Ethics

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

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

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

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

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

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

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

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

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

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

In terms of figures, the ethics channel received 10 reports, out of which 6 were classified as potentially ethical. After analysing them, none of them was found to be grounded for EDP Redes España.

EDP, one of the most ethical companies in the world

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

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



Update of the Code of Ethics

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



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

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

1. A people-centred company

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

2. Trusting relationships

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

3. A sector under transformation

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

4. Acting with integrity

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

Compliance

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

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

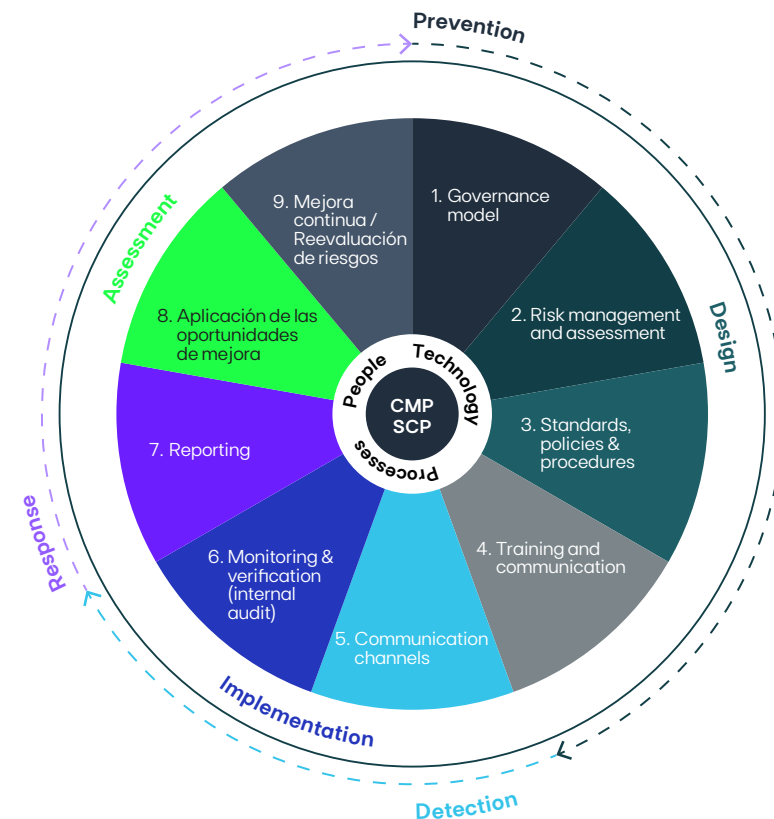
1. Integrity/Anti-corruption
2. Personal data protection
3. Competition
4. Money laundering prevention
5. Separation of activities
6. Environment
7. Health and safety
8. Internal control system for financial reporting

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

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

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

Compliance Management System



Prevention of corruption, bribery, fraud, and money laundering

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

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

En 2022, 6,317 Integrity Due Diligences (IDD) were conducted, out of which 138 corresponded to EDP Redes España. The conclusions of these IDD were assessed and gathered in an opinion that includes specific recommendations on the approval of operations, the appropriateness of contractual conditions, the integrity of third parties, and the monitoring of contract performance.

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

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

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

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

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

Integrity policy

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

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

Data protection

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

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

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

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

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

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

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

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

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

In view of this, it should be noted that there have not been any data breaches and/or data leaks in 2022 for EDP Redes España.

Fair competition practices

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

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

EDP recognition regarding ESG values

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

In parallel, we have participated in forums, work sessions, and initiatives, among which the following stand out:



• Spanish Network of the Global Compact

EDP Redes España has been a signatory to the Global Compact since 2020.

In 2022, we have validated our Sustainability Report as a Progress Report, reaching an Advanced level and fulfilling the goal to annually report on the progress made on the management of the 10 principles and our contribution to Agenda 2030, including its 17 Sustainable Development Goals (SDGs). In Spain, we actively participate in the UNGC initiative "Target Gender Equality", an international pioneer programme to encourage companies to establish and meet ambitious goals on women representation and leadership matters.

Other accelerating programmes in which we participate are SDG Ambition, supporting companies in the Global Compact to set ambitious business goals and accelerate the integration of the SDGs in the management of their business activities, or the Business & Human Rights, and Human Rights programme, to manage the companies' responsibility and opportunity to promote human rights in all their operations, supply chains, and other business areas. Both programmes will get their main results in 2023.

forética

• Forética:

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

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

In 2022, we have actively participated in the Circular Economy and Nature Business Ambition Task Forces, as well as in the Transparency, Good Governance, and Integrity cluster, the Climate Change cluster, and the Social Impact cluster. Nature Business Ambition has enhanced the tool developed by EDP España to measure the overall impact on natural capital during the operation and maintenance stages of the overhead medium- and high-voltage electricity lines. It has three differentiated modules: habitats, species (fauna), and ecosystem services, providing results for each module in a single unit of measurement (area, m²). Its implementation in all the municipalities in which EDP has electricity lines is a first step to focus the mitigation and offsetting actions that allow to meet the corporate goals as regards nature and sustainability.

aeléc

• Aelec

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



• CEOE

CEOE (Spanish Confederation of Employers' Organisations)

We have joined the CSR Committee and related Committees.

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



• Club de Calidad

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

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



• CSR commitment

Participation in the CSR Annuary and publications about ESG practices of the EDP Group in Spain.

• Corresponsable

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

• COGERSA

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



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

• Spreading of the EDP position in Sustainability

- Media impact: Publications on special CSR pages
- Social media actions: LinkedIn, Twitter, and Instagram

Innovation

Global vision

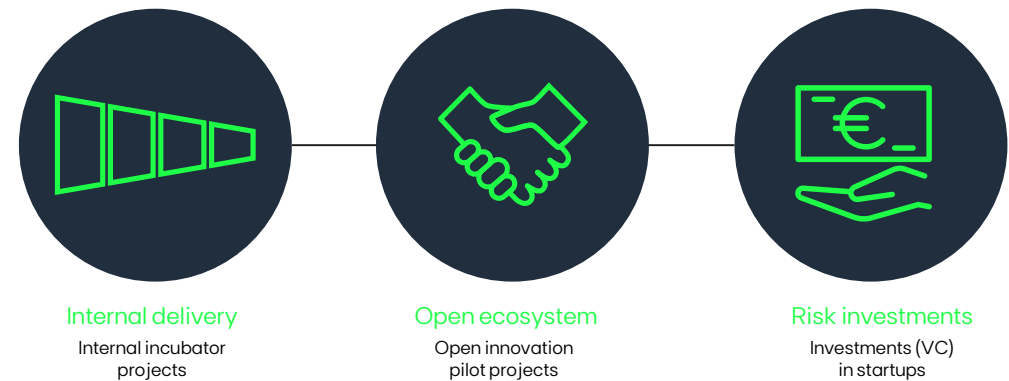
Innovation has long been a traditional investment priority for EDP, having EDP Inovação (EDPI) as the key promoter of innovation within the Group. It was established in 2007, with the aim of creating an autonomous entity responsible for the activities and fostering tighter bonds with the business ecosystem.

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

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

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

Innovation strategy through 3 innovation paths



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

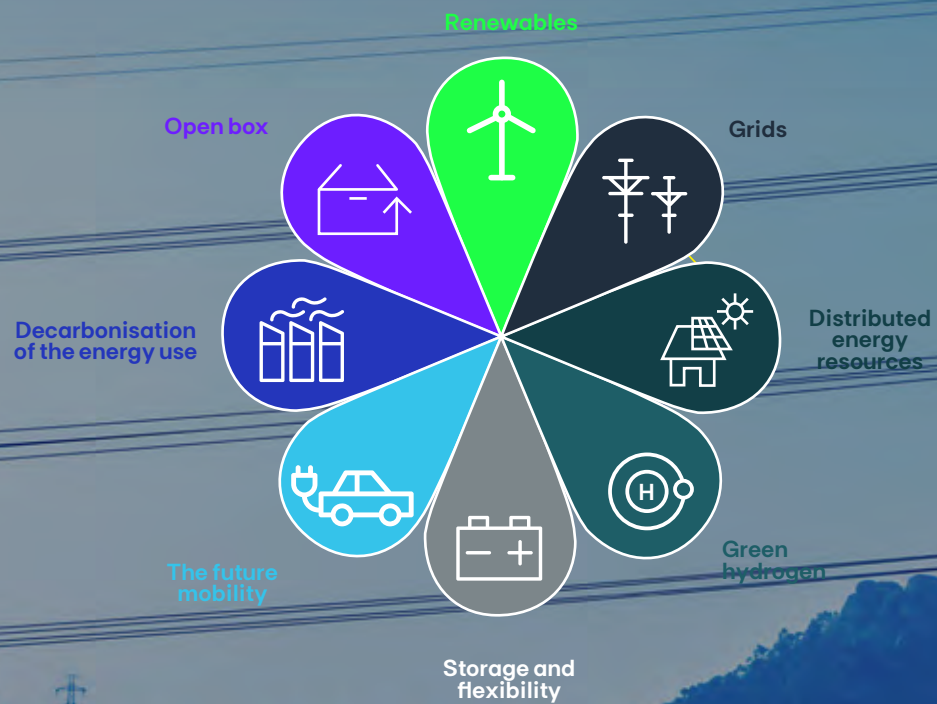
EDPI also guarantees the development and management of infrastructure to spread the innovation culture and the best practices throughout the organisation, fostering entrepreneurial spirit and intrapreneurship.

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

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

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

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



Innovation Context in 2022

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

Projects

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

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

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

The Innovation model is implemented through three types of actions:

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

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

We participated in the following European RDI projects in 2022:

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

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

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

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

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

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

Supporting startups

We have a programme called *Energy Starter* for the identification, selection, and testing of solutions proposed by energy startups to align them with our technology domains. The programme is organised into three thematic modules: Future Networks, Renewables and Green Hydrogen, and Mobility and Customer Solutions. The Future Networks module was developed during 2022. Ninety-five applications were submitted and eight were selected to participate in a bootcamp that took place in Oviedo from 5-7 July. In the first module of this 2022 series, Spain was once again the country with the most applications, ahead of leading countries with respect to worldwide innovation hubs such as the United States and Israel.

The following startups participated in the bootcamp: The Norwegian company Heimdall Power develops sensors to obtain data from the grid in order to maintain the quality of supply. Idénergie (Canada) meanwhile, is developing a device that brings reliability to grids by controlling reactive power. Ionate (UK) manufactures transformers that include voltage control with power electronics.

Liveable Cities (Canada) offers integrated solutions to promote the development of smart cities. Noteworthy AI (USA) is developing a solution for checking electricity networks using vehicles equipped with cameras. Three Brazilian companies also participated in the module: PiniOn Tecnologia has proposed a solution that automates meter reading collection, while QualityStorm is working on network inspection using photographs. And Quiron Digital creates algorithms to monitor and mitigate the effects of fires.

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

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

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

Technology watch and strengthening of EDP position in Spain

In 2022, we have been present in the event AI Andalus Innovation Venture, in which we had a booth and participated in a round table. 1,285 professionals participated in presentations,

round tables, workshops, mentoring sessions, and matchmaking activities over two days in the Sevilla Conference Centre, including among them more than 210 startups, 80 investment funds, and 50 companies. This way, EDP connects with the innovation ecosystem in Andalusia.

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

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

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



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

Digital transformation

New projects

In 2022, an ambitious revamping programme of the technology architecture has been launched in EDP Redes España for the purpose of providing the different Electricity Distribution business areas with advanced technology solutions, while the different management processes are standardised and put in line with the reference Architectures of the EDP Group.

Within this programme, we should highlight the development of solutions for grid design optimisation through GIS, the progress of the Smartmeter management platforms (AMI), the unification of customer management and care platforms, and the start of the development of the new Datalake project, which will support the new data management strategy EDP Redes España.

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



EDP Redes España has participated in the biggest location intelligence event

We have participated in the 2022 ESRI Conference, the biggest Location Intelligence event in Europe. The event has gathered European experts in geo-spatial technology and has brought light to the most innovative GIS projects undertaken by different institutions, such as the Town Councils in Madrid and Milan and the Ministries of Defence and Transport.

Through a training workshop in Renewable Energies, Telcos, and Utilities, we have presented the company's digitisation strategy, stressing the importance of geo-referenced data for electricity distribution companies through the global vision of the project based on ESRI technology as well as in the asset management process flow.

The geo-referenced data management 360° vision starts by including it in the GIS tools since their planning stage and, subsequently, in their design and construction stages. Plus, by automatically integrating it into other corporate tools, it also creates associated financial assets.

People management

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

As regards training, EDP Redes España closed 2022 with a total of 24,040 hours taught, which involved a 38% hour increase with respect to 2021, and a total of 568 attendees, which represents 100% of the current staff. The main line marking the execution of this plan was health and safety management training, being worthy of note the effort made in the training initiatives regarding Fire Extinguishment, First Aid, and Dissemination of Emergency Plans.

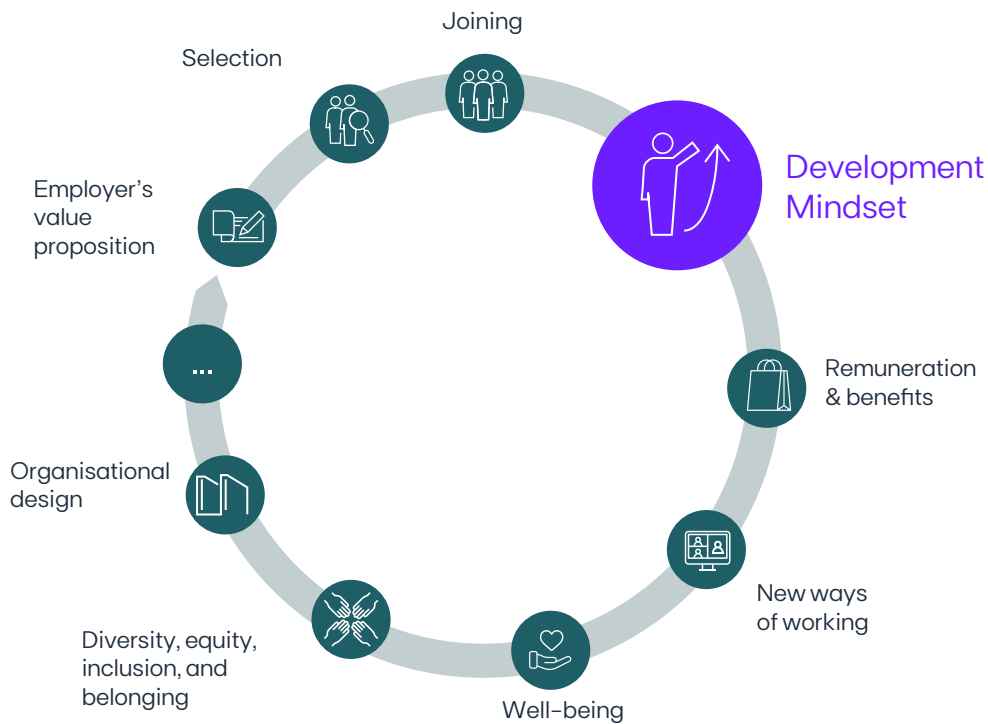
EDP España launched the Positive Energy Plan in 2022, the Action Plan to respond to the areas of improvement identified by employees in the 2021 Climate survey. The launch took place in March and April with active listening sessions in Oviedo, Santander, and Madrid, and with the participation of more than 80 employees. The results of these sessions were published in a Personal Manifesto. According to this Plan, the company's objective is, among other things, to find out what aspects to improve in order to continue advancing as an organisation, so that the company has first-hand knowledge of the needs of all employees and proposes various measures to:

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

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



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



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

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

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

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

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

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

Employees' personal manifesto

As a result of our active listening regarding the Climate Survey, an individual commitment has been born to improve our well-being at work. EDP España has organised, during the months of March and April, three "Chats with positive energy" sessions in Oviedo, Santander, and Madrid, during which attendees worked on active listening and shared concerns and initiatives on a corporate level, as well as solutions to help improve our well-being, our trust, and our commitment. We also reflected on spheres of influence, what can be done to help, and everyone's personal commitment to achieve to improve climate. The result is gathered in this personal manifesto:

PERSONAL MANIFESTO – INDIVIDUAL COMMITMENT

ITAKE THE INITIATIVE – Small changes lead to big changes



COMMUNICATION

I am more **ASSERTIVE** (clear) when I communicate and I reach "agreements on principles" with the people with whom I have contact at work (authenticity and courage), disciplining meetings and delegating more.



INTENTIONAL PRESENCE

I **LISTEN** in an active and more reflective manner, paying attention to non-verbal communication. More **EMPATHY** – genuine interest, connection, and closeness with the people around me.



CONTINUED FEEDBACK

I give and receive feedback from the people with whom I work, applying to myself what I demand – setting an example.



I understand how my **MIND** works and its impact (I am aware of my concerns / stereotypes / bias / fears) and I train it on a daily basis to control anxiety and stress.



EMOTIONAL INTELLIGENCE

I am grateful for, I recognise, and I enhance the work of others.



ATTITUDE

I have a positive mindset.

New Diversity, Equity, Inclusion, and Belonging Policy

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

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

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

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



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

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

DEIB1 Global Council – the Executive Board of Directors and the top managers responsible for the personnel and organisation matters meet every six months to reflect and discuss the implementation of the DEIB strategy in the EDP Group;

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

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

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

Equality

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

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

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

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

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

In España, the 2018–2025 3rd Collective Bargaining Agreement of the EDP España Group, published on Spanish Official State Gazette number 58, of 8 March 2019, as per Resolution 26 February 2019, and the 4th Master Collective Bargaining Agreement of the Grupo Viesgo España are currently effective. Both Agreements set out the equality and no-discrimination principle, especially the principle of effective gender equality, while they also attribute the duties to monitor gender matters to the Joint Committee on Labour Matters.

The Gender equality and work–family life balance chapter develops the specific aspects to “efficiently contribute through the positive actions agreed by collective bargaining and incorporated into this Agreement, to protect the values of effective

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

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

The general goals established in the Equality Plans are:

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

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

Selection and recruitment

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

Promotion

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

Training

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

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

Remuneration

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

Personal, family, and work life balance

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

Occupational health

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

Protection against harassment and violence at the workplace

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

Violencia de género

8.1. Mejorar la comunicación y divulgación de los derechos legalmente establecidos para las víctimas de violencia de género contribuyendo así a su protección.

Communication

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

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

Human Resources' data and information systems

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

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

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



Health and safety

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

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

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

Our activity, as it is well known, is based, to a great extent, on our partner companies. The management of business activity coordination entails an enormous effort by the organisation, in which more than 100,000 requested documents, resulted from the parameterisation of the different contracted activities, have been validated.

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

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

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



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

Increasing the percentage of monitored companies is one of the organisation's goals for next year. In this context, it should be highlighted the effort made in the second quarter of 2022 to train more than 150 employees belonging to Viesgo Distribución and Begasa in the preparation of Safety Preventive Observations.

As a result, by the end of the year, more than 2,000 observations were conducted among distributors.

The existing health and safety management tools have been strengthened, such as participation in governance bodies through committees and subcommittees and the regular holding of Safety Walk and Talk and Safe Start meetings, adding up to more than 300 throughout the year.

The OHS Excellence Plan, including more than 40 actions and a high level of execution, has helped to minimise the likelihood of recurring accidents. An important milestone in the actions of the Excellence Plan has been the creation of a new Unified Voltage Works Committee, which brings together the old committees in charge of voltage operation and work rules of the different distributors.

Likewise, seizing the road safety management boost existing in Viesgo Distribución and Begasa, the appropriate monitoring bodies have been formalised to extend the scope of ISO 39001 certification "Road Safety Management System" to the whole EDP España.

During year 2022, the psychosocial risk assessment of employees has been completed, comprising several stages:

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

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

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

- Legal compliance.
- The creation of appropriate, accurate, and clear preventive actions, guided by the

assessor, with the participation of workers and their representatives, integrated into the daily management.

- The creation of reasonable preventive actions through specific meetings, which are accurate, reasonable, and agreed.

As regards Occupational Medicine, the goals planned by the organisation are the following:

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

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

With this information, the labour doctor establishes a specific protocol for each worker, using as benchmark the protocols published by the Ministry of Health. These protocols are characterised by thoroughly collecting the labour medical history including symptoms related to the performance of the work activity.

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

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

Health examination and ancillary tests

1. Medical-occupational history

Systematic collection of particulars, personal and family disease background, and occupational details related to the risk factors in each position.

2. Clinical examination

Examination using devices depending on the medical protocol applied to each employee.

- Specific protocols applied
 - Display Screen Equipment
 - Conductors
 - Charges
 - Secluded areas
 - Voltage work
 - Shifts
 - Noise
 - Height
 - Forced postures
 - Neuropathies caused by pressure
 - Chemical contamination
 - Vibrations

Influenza vaccine

100% of employees have been offered the possibility of being administered an influenza vaccine.

COVID management

The strategy adopted from January to March 2022 was to perform PCR tests every two weeks on all the personnel working onsite and, specifically, essential, or critical staff in Offices, Control Rooms, or Breakdown Services. From 1 April, COVID tests ceased to be performed. During the entire pandemic period, the EDP Medical Service has been in touch with the staff affected by COVID-19, monitoring them until they were able to resume their work.

Playitsafe

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



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

1st Global Meeting on Safety and Protection

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

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

Training in leadership

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

Global monthly risk communication

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

World Day for Safety and Health at Work

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

Conference on Continuous Improvement in Health and Safety

In EDP Redes España, we have organised the 29th Conference on “Continuous Improvement in Health and Safety”. On this occasion, the session has been developed in a hybrid style, gathering both people onsite in the corporate headquarters, in Oviedo, and via Teams; more than 100 people, including representatives of partner companies, top executives, and company employees, participated in it.

In this Conference, the health and safety performance of the business was showcased, we took stock of the health and safety results, the new challenges for the year, and the continuous improvement through the H&S Excellence Plan, and the individual and corporate health & safety culture through the corporate project PlayItSafe.

A thorough analysis of accidents and incidents occurred between 2021 and 2022 was presented, under the motto ‘Lessons learned’, which highlighted the points to be improved to achieve our zero-accident goal. The health and safety performance was analysed, confirming EDP Redes España leadership, and the health and safety system for new joint biddings for works and services was presented.



Crisis management

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

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

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

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

With the aim of strengthening its resilience, the EDP Group established, in OS1/2018/CAE, its Business Continuity Management approach, also specifying the methodological parts to be observed, in line with the ISO standard 22301:2019, strengthening its capacity to detect and appropriately respond to the risks with a potential impact on its activity.

For this purpose, EDP has developed and counts on a robust set of human, procedural, and technological controls, and safeguard measures, which it has been improving, in addition to recovery plans on an operating level, such as the Business Continuity Plans for priority processes/services, the Contingency Plans, or the Recovery Plans in case of Disaster, among

others. These plans allow EDP to increase its capacity to continue providing its services on acceptable levels even in the case of incidents, emergencies, and disasters, thus achieving the assumed goals. In order to guarantee their efficacy and suitability, the plans are regularly subjected to exercises and drills, both internal and in collaboration with external relevant entities for the EDP supply chain.

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

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

Security Policy

Commitment

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

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



Principles

The EDP Group has adopted the following principles:

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

Cyber security

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

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

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

Besides, on a regulatory and legislative level, year 2022 was very demanding; for example, the European NIS 2 Directive provides new legal requirements about essential operators, especially affecting companies in the electricity sector. This means that EDP España must take additional measures to guarantee the cyber security of its critical infrastructures.

Thanks to the time we have been working on this aspect, we have come so far as to be a benchmark company in the sector. Lastly, the implementation of the secure access system has allowed to guarantee remote accessibility to EDP España systems, which is essential in this day and age in which teleworking has become a common practice. This system provides an additional security layer to EDP España systems, which is crucial to protect its operations and business continuity.

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

ESG excellence and attractive returns

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

Following the recommendations of the best sustainability practices, we publish the reports on our corporate website (E-Redes: <https://www.eredesdistribucion.es/es/> and Viesgo: <https://www.viesgodistribucion.com/inicio>), communicating it to our different stakeholders and official organisations, such as UN Global Compact. For wider spreading, we publish it in Spanish and English, and we report all the EDP Redes España ESG information, previously validated and agreed, to be aggregated and published in the Annual Integrated Report of the EDP Group, and in the EDP España Sustainability Report, while also integrating it into the assessment processes of the different sustainability indices of the EDP Group (DJSI, CDP, WDP, Ethisphere, etc...) or the GRESB infrastructure management index.

Additionally, and in compliance with the current Spanish law on non-financial information, we annually prepare the non-financial information statements for E-Redes (Hidrocarbónico Distribución Eléctrica, SAU) and Viesgo (Viesgo Distribución SA and BEGASA), which are duly audited by an accredited external entity and made available to the competent administrations.

GRESB Infrastructure Asset Assessment index

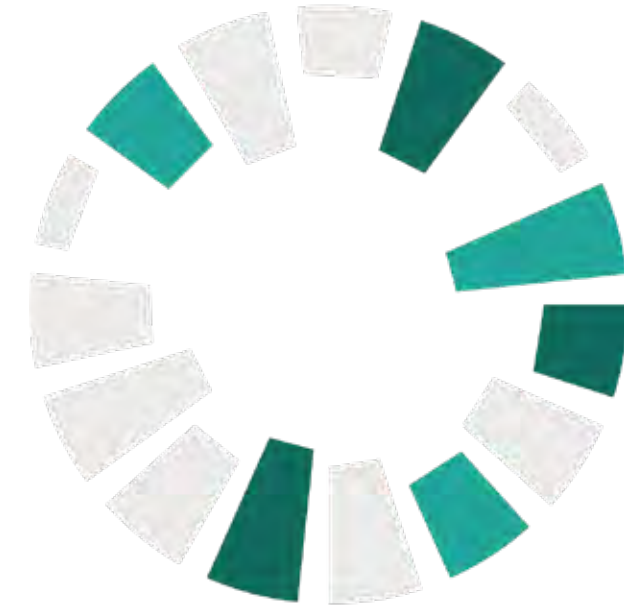
EDP Redes España currently participates, as regards 100% of its distribution assets, in the GRESB Infrastructure Asset Assessment ESG index, in which it has been recognised as a world leader for its environmental, social, and good governance performance in the September 2022 assessment related to year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

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

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

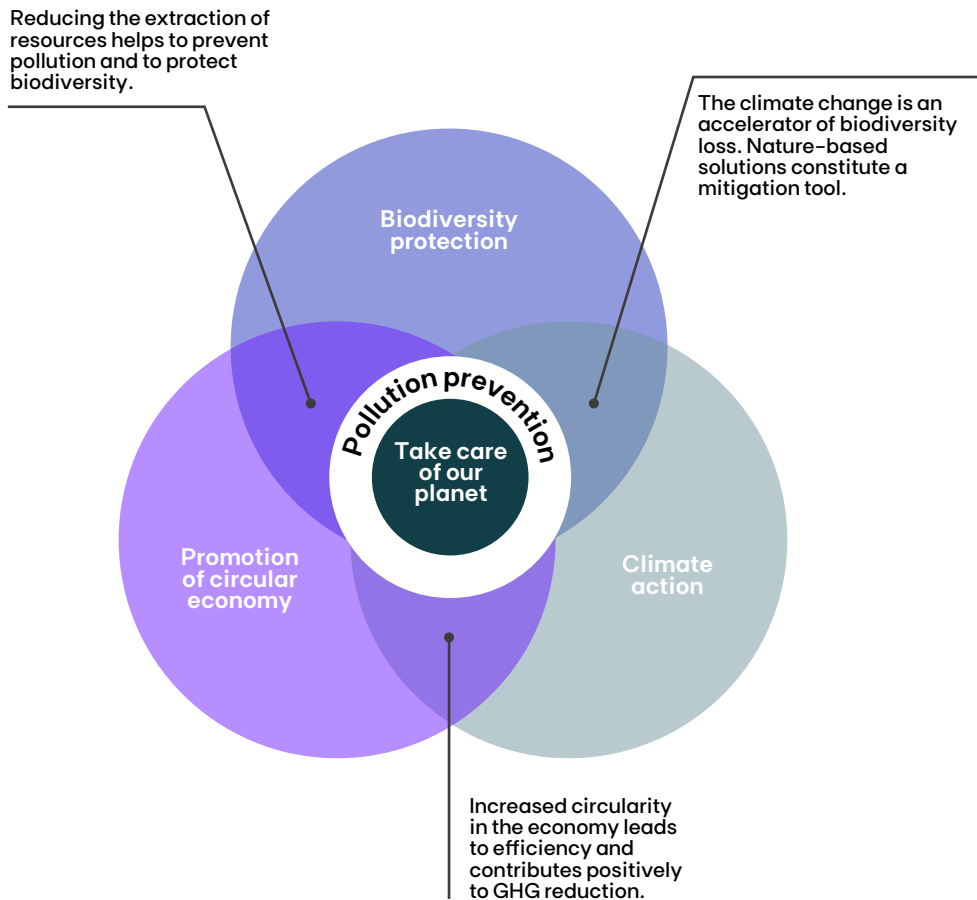
Unlike other indices that assess isolated projects, GRESB measures the companies' performance in a comprehensive way:

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



G R E S B
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Environmental protection: Our planet



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

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

In terms of environmental control of the EDP Redes España installations, we have an Environmental Management System (EMS) in accordance with the UNE-EN ISO 14001:2015 standard that is reviewed annually through internal and external audits. This contains all the measures adopted to minimise environmental risks and preventive measures and controls to avoid the commission of crimes against the environment.

The monitoring and control of the environmental aspects and impacts of the electricity distribution activity ranges from project management and construction of electricity distribution facilities, to the operation and maintenance thereof. Among the aspects to be monitored we should mention the carbon footprint of the activity or the impacts on birds and flora in the maintenance of the line routes.

To reduce these impacts on the environment, investments are continuously made to minimise them, which amounted to almost 7.2 million euros in 2022.

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

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

At EDP Redes España, the environmental strategy, the implementation of the policy, and the certified Environmental Management System are the responsibility of the Environment, a Sustainability, Innovation, and Climate Change Division (DASIC). Each platform does in

addition have Environmental Coordinators who work with the DASIC in daily activities and formally through periodic working groups.

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

As well as the monthly reporting to the Operation Management Committee, three annual meetings are held with Top Management for a detailed review of environmental management in the organisation, and at least one annual meeting of the Boards of Directors of EDP España and EDP Redes España.

In accordance with this management scheme, all environmental aspects of EDP Redes España are assessed and managed and, subject to our commitment to transparency, they are also published in the corresponding performance reports in the publication sections on the website.

Circular economy

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

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

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

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

Eco-design

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

- Their durability, reusability, upgradability, and repairability
- The presence of substances that inhibit circularity
- Energy and resource efficiency
- Recycled content
- Remanufacturing and recycling
- Carbon and environmental footprints
- Information requirements, including a digital product passport

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

Life-cycle approach

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

The aim is to reduce the risk of false ecological claims (*"greenwashing"*) by requiring companies to use a standard methodology to assess their impact on the environment, based on the environmental footprint of products and organisations in the European Union and by taking into account the measurement of 16 environmental impacts throughout their life cycle.

In line with this, EDP España concluded the REEF Project in 2022, carried out together with Ihobe. This is a project aimed at laying the foundations in Europe on how to calculate the environmental footprint of an organisation belonging to the electricity sector.

We have as a result obtained rules that will be the starting point for future European methodologies, and which will ensure the alignment of the current environmental footprint calculation for our different businesses with the future guidelines derived from European regulations.

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

Waste and Contaminated Soil Law

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

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

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

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

Approved in March 2022, it has established funding of 492 million euros and has mobilised resources over 1.2 billion until 2026, focusing on three fundamental objectives for the

advancement of the circular economy in Spanish industry: promoting the ecodesign of products to make them more durable and repairable from their very origin; the improvement of waste management through treatment plants that increase reuse, recycling, and the incorporation of recovered raw materials in the production of new goods; and the boosting of digitisation linked to both objectives, which will improve the competitiveness and innovation of the industrial fabric in any sector.

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

Circular Economy Strategy: Close the Loop

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

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

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

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

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

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

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



Natural Capital and Biodiversity

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

Convention on Biological Diversity

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

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

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

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

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

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

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

European Initiatives in Biodiversity

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

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

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

Business risks related to biodiversity

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

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

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

Natural Capital and Biodiversity strategy: Space for Nature

During 2022, EDP España has continued developing different initiatives related to natural capital and biodiversity, framed in the 12 lines that constitute the current ESG plan of the EDP Group: Space for Nature. The EDP Group 's ambition is to reach a positive impact on nature by 2025 in all the new projects with significant residual effects. The strategy to achieve this positive impact by 2025 consists of 4 steps:

1. Prevent

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

2. Measure

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

In parallel, in 2021, EDP España developed a quick assessment application for the environmental impacts caused by electricity distribution lines on habitats, species, and ecosystem services. A potential tool to design the plan of the new lines and minimise their impact on nature. Besides, this tool has been applied to the set of existing lines in

the Grid Platform in Asturias, and it is expected to extend it in 2023 to the other autonomous regions in which our company is present. In each Asturian municipality, the areas that most affect habitats, species, and services have been detected, which will allow to prioritise the biodiversity actions that will allow to offset these impacts.

3. Acting

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

White-tailed eagle project

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

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

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

4. Monitoring

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



Osprey in the Villaviciosa estuary

FAPAS installed in 2019 the first osprey nest in the Partial Nature Reserve of the Villaviciosa estuary, reusing a wooden post removed from an electricity line, with the goal of settling the first pair of the species in the area. Three years later, the presence of this migratory bird is continuous, which is why a new nest has been installed to achieve its settlement and breeding.



EDP committed to the fight against *cortaderia selloana* in Cantabria through *LIFE STOP* Cortaderia

Since the implementation of the LIFE STOP Cortaderia project, in October 2018, EDP has supported and remained committed to the work carried out by the partnership of the social entities Amica, AMPROS, and SERCA and the conservationist entity SEO/BirdLife. In addition to contributing to the fulfilment of the environmental cortaderia control goals in Cantabria and to the promotion of stable employment for people with disabilities, EDP has made available to SEO/BirdLife one of its electrical substations, specifically, the one located in El Astillero, to establish a management model for the green areas in the substation to be free from cortaderia selloana, the invasive plant that takes up degraded soils and the surrounding areas of the roads in the Cantabrian littoral.

EDP's commitment to the fight against *cortaderia selloana* was evidenced when it adhered to the Transnational Strategy promoted by LIFE STOP Cortaderia, which currently includes more than 150 public and private entities from Spain, Portugal, and France, to which EDP was one of the first signatories in 2020. This adhesion entails the commitment to integrate preventive and control actions regarding the presence of cortaderia selloana in EDP's own activity.

LIFE STOP Cortaderia was recognised by the European Union for its work in Red Natura 2000. In 2022, the LIFE STOP Cortaderia project received the Natura 2000 award in the category of 'socio-economic benefits', which highlighted the social integration of people with disabilities through the eradication works of cortaderia selloana in protected natural areas in Cantabria. The panel has emphasised the social and environmental partnership of the project as an "inspiring initiative empowering people with disabilities through the fight against an invasive species".

The main milestones achieved during the four years of execution of the project are the following:

- The removal of cortaderia selloana from 290 hectares in coastal areas in Cantabria in Red Natura 2000
- The eradication of 1,800 isolated and scattered sources in inland valleys and mountains in Cantabria
- The planting of 16,000 trees and bushes, and 65 hectares of sown wild meadows
- The employment of 22 people with disabilities for four years
- The training of 750 people for the control of the invasive plant in Spain and Portugal
- The creation of the Transnational Strategy to Fight Cortaderia Selloana and adhesion of 150 entities thereto, including EDP.

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

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

Mitigation of climate change

The calculation of the carbon footprint allows to identify the sources that contribute to the GHG emissions of an organisation, and the Mitigation Plan gathers the actions that can be carried out to reduce them.

During 2022, we have worked on the first Mitigation Plan of EDP Redes España with a detailed analysis of the categories of the carbon footprint and the identification and quantification of actions that can be implemented for its reduction, with the goal of contributing to the EDP Group ambition to be carbon neutral by 2030 in the scopes 1 and 2 and Net Zero for overall emissions by 2040.

We have identified initiatives in areas as diverse as the contracting of electricity with guarantee of origin, the replacement of the vehicle fleet, prioritising electric or plug-in vehicles, the optimisation of Grid assets to reduce losses, or the installation of photovoltaics panels in substations and work centres to reduce the electricity consumption. At a later stage, further initiatives will be incorporated, such as the implementation of energy efficiency measures in work centres or substations, or the reduction of SF6 leakages, monitoring in real time their emissions, or replacing SF6 assets by others free from greenhouse gases.

Offsetting of non-reduced emissions

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

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

In Spain, there are national and regional registers for carbon footprint and CO₂ absorption projects. At present, only reforestation projects can be registered in this section, which, subject to minimum required conditions related to planted area, potential height of trees, or permanence of the forest, allow to estimate the CO₂ absorptions for the duration of the project and use them for offsetting the carbon footprint emissions. There is even the possibility of obtaining ex ante up to 20% of the estimated capture for the life of the plantation in order to offset from the moment in which the plantation is registered.

In the pilot experience carried out in the Asturian municipality of Caso, 24 Ha have been replanted with more than 30,000 birch trees, which involves a CO₂ capture around 12,000 tons in 30 years. This pilot project has allowed to validate the solution, achieving very competitive costs per ton of captured CO₂ (around 6 €/tCO₂) compared to the alternative purchase of allowances in the market. Thus, Hectárea Zero is confirmed as a highly effective alternative for offsetting and achieving our carbon neutrality goals. Work is being done to provide Hectárea Zero with sufficient importance and incorporate it into our business line, and the possibility of applying for some kind of funding line in the European Union framework is being considered.

Adaptation to climate change

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

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

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

Among all the ongoing actions within the adaptation plan, special mention should be made of the Hectárea Zero project – a nature-based solution that, by planting trees, holds hillsides devoid of vegetation and prevents the EDP España assets, such as distribution lines, from being put at risk due to land sliding or silting. The pilot project carried out in the Asturian municipality of Caso not only has proven its feasibility as an adaptation measure, but it has also identified additional advantages, such as obtaining COs allowances for offsetting emissions, a positive effect on local communities, thanks to the use of local companies and to the town councils' commitment to maintaining the plantations, or positive effects on the preservation of natural capital and thus, biodiversity.

Currently, the company is working on the integration of Hectárea Zero as a usual activity, extending the reforested area and even analysing the possibility of applying for any kind of European funds to help us to take our coveted leap in scale.



Carbon footprint

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

The EDP Group's commitments to reduce GHG emissions date back to year 2015. This is why, as first step, the EDP España footprint was calculated for year 2015, gathering as much information as possible to build a comparable footprint to the current structure of the company, including the emissions derived from Viesgo assets. Subsequently, the necessary information was gathered in order to calculate the carbon footprint of the following years until 2020,


the calculation of which was verified externally, which allowed, for the first time, to proceed to record the carbon footprint both in the MITERD (Ministry for the Ecological Transition and the Demographic Challenge) register and in the Principality of Asturias register intended for such same purpose.

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

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

Our goals

- 2030: 100% renewable
- 2040: Net-Zero

 <p>SCOPE 1</p> <ul style="list-style-type: none"> • Use of fossil fuels • Use of fluorinated gases in cooling equipment • Use of SF6 in electrical equipment • Own self-consumption • Own vehicle fleet 	 <p>SCOPE 2</p> <ul style="list-style-type: none"> • Electricity consumption • Losses in electricity grids 	 <p>SCOPE 3</p> <ul style="list-style-type: none"> • Transport of raw materials in bulk • Use of chemical products and oils • Water consumption • Business trips • Waste • Wastewater discharges • Retailed energy procurement from third parties • Losses in electricity transmission not originated in EDP
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7.4 gCO₂/kWh

Emission intensity (Scopes 1 and 2)

1.9 ktCO_{2eq}

Scope 1 GHG emissions

96.2 ktCO_{2eq}

Scope 2 GHG emissions

1,907.2 ktCO_{2eq}

Scope 3 GHG emissions

EDP Redes TCFD climate change report: risks and opportunities.

This sustainability report issued by EDP Redes España is the first one to include information in compliance with the TCFD standard to show its performance regarding climate change, gathering the progress made by the company in the four areas required by such standard: governance, strategy, risk management, and metrics and goals. In this section, EDP Redes España shows its progress in the governance model, its improved strategy, and its capacity to manage risks and opportunities related to climate change.

Climate change governance

The top decision-making organ of EDP Redes España on sustainability and climate change matters is the Board of Directors, which is responsible for establishing, approving, and monitoring the company's sustainability strategy. In particular, it has approved the Sustainability Plan as a road map for climate change management. Likewise, it is responsible for guaranteeing the efficacy of the ESG risk management system, which includes climate change risks.

The Board of Directors regularly receives information related to climate change management and to the development of the goals set by the Group. The Audit and Risk Committee is the organ in charge of supporting the Board of Directors in the performance of its duties as regards risk management and control, including climate change risks.

The Policy on the remuneration of directors, executives, and employees of the company is developed by the Remuneration Committee, which in turn reports to the Board of Directors. The Environment, Sustainability, Innovation, and Climate Change Division (DASIC) is responsible for advising and supporting the EDP Redes España Management Committee in the definition and assessment of the sustainability policy and strategy. At the same time, it promotes, guides, and monitors the company's principles, commitments, goals, and strategy on sustainability and climate change matters, and it ensures that the results of the ESG risk analysis, and in particular, those derived from climate change, are integrated into the decision-making process of the company. The Committee in which these matters will be addressed will be the HSE Committee.

The executive responsibilities in EDP Redes España, as regards sustainability and climate change, are distributed among the top management, the support divisions, and the task forces that assume the different duties to be performed and that allow to comply with the set goals on these matters.

In EDP Redes España, the Management Committee ensures compliance with the company's policies, strategies, and goals, proposing plans and measures on sustainability and climate change matters.

The Environment, Sustainability, Innovation, and Climate Change Division (DASIC) is the area responsible for managing the implementation of the ESG risk strategies, policies, plans, and management. It is in charge of ensuring compliance with the goals, the legal requirements, and the risks related to sustainability, the environment, and climate change in a cross-cutting way in the operations of the EDP Group in Spain and in the EDP Redes España platform. It participates in different internal committees and in different internal and external task forces for the development of sustainability and climate change topics.

Additionally, the Business Continuity and Physical Safety Division is responsible for identifying and assessing risks, including emerging, sustainability, and climate change risks in the short, medium, and long term. Together with the DASIC, it is in charge of boosting the specific process of climate risk identification and quantification, aimed at assessing the main climate risks and opportunities of the different business units, among which EDP Redes España is included.

Climate strategy

The goal of EDP Redes España strategy is to lead the energy transition, creating value for its stakeholders. For this purpose, the company's Strategic Plan is structured around different objectives to boost sustainability in general and to manage the risks and opportunities associated with climate change, particularly, both in the short as well as in the medium and long term, so as to guarantee the financial resilience of the company as regards climate change.

According to the categories defined by the TCFD, the risks and opportunities derived from climate change are divided into two major groups: physical risks and transition risks/opportunities.

Extreme climate events are an example of the physical risks related to EDP Redes operations. Such risks have been identified, assessed based on historical information, and taken into account in the strategic planning to guarantee security in the electricity supply to customers.

The transition risks and opportunities have been also identified in their different categories (policy and legal, market, technology, and reputational) which have not been yet materialised to the same extent as physical risks.

Below, you will find the information regarding the main risks and opportunities related to climate change that have been identified and assessed by EDP Redes España.

IDENTIFICATION			ASSESSMENT					MANAGEMENT
Type	Risk	Impacts	Likelihood	Time horizon	RCP 2.6	RCP 4.5	RCP 8.5	Mitigation measures
Chronic physical risks	Temperature increase	Breakdowns due to damaged components in the installation. Electricity supply cuts.	Low	Long term	Low	Low	Low	Replacement of materials by others resistant to high temperatures. Improvements in the existing cooling systems or installation of new equipment. EDP Redes currently has sufficient capacity in its installations to supply the increased electricity consumption.
		Increase in energy demand due to a higher consumption for cooling purposes.						
	Average sea level rise	Breakdowns/energy supply disruption.	Medium	Long term	Low	Low	Low	Self-protection and regular assessment plans as regards emergency environmental aspects. Specific flooding potential analysis in the areas surrounding the existing assets and consideration of new investments in design.
		Potential damage to assets due to flood risk. Accessibility.						
Acute risks	Fire	Damage to installations and risk of increased fire frequency in the electricity distribution lines. Damage to third parties.	Low	Long term	Low	Low	Low	Innovation projects to improve felling and pruning tasks in the safety routes of electricity lines.

IDENTIFICATION			ASSESSMENT					MANAGEMENT
Type	Risk	Impacts	Likelihood	Time horizon	RCP 2.6	RCP 4.5	RCP 8.5	Mitigation measures
Acute physical risks	Extreme wind gusts	Potential physical damage to infrastructures. Energy supply disruption due to breakdowns. Fallen trees. Accessibility.	High	Short term	Medium	Medium	High	Strengthening the measures to control vegetation. Line automation. Inspection, detection, and warning systems (use of drones). Undergrounding of lines in conflictive areas.
	Thunderstorms	Potential physical damage to own and third-party infrastructures. Electricity supply disruption due to breakdowns.	Low	Largo plazo	Low	Low	Low	Undergrounding of lines. Improved infrastructures in unprotected installations. Removing overhead lines that run across unprotected parks.
	Extreme rainfall (flood/land sliding)	Electricity supply disruption due to breakdowns. Silting and potential damage to infrastructures. Accessibility to nearby installations and rivers.	Medium	Largo plazo	Low	Low	Low	Detection and warning systems. Mapping of climate risks. (Including an identification of floodable areas in GIS). Specific site studies. Identification of substations at risk of land sliding. Relocation of assets. Protection structures against floods.

IDENTIFICATION			ASSESSMENT					MANAGEMENT
Type	Risk	Impacts	Likelihood	Time horizon	RCP 2.6	RCP 4.5	RCP 8.5	Mitigation measures
Acute physical risks	Snowstorm	Supply disruption and ice sleeve damage.	High	Medium term	Low	Low	Medium	Undergrounding of lines. Improved inspection, detection, and warning systems (line checking drones). Installation of battery systems.
		Accessibility.						
		Communication loss.						
Type	Risk	Impacts	Likelihood	Time horizon	NZE	Central		Mitigation measures
Transition: policy and legal	Mitigation measures	More demanding emission reduction paths.	Medium	Medium term	Low	Low		Implementation of mitigation measures to reduce the company's carbon footprint. Mitigation Plan.
	Restrictions on operations due to environmental criteria							
	Reporting obligations	Uncertainty about the framework for financing and subsidies aimed at developing renewable energies.						
	Exposure to lawsuits							

IDENTIFICATION			ASSESSMENT				MANAGEMENT
Type	Risk	Impacts	Likelihood	Time horizon	NZE	Central	Mitigation measures
Transition: market	Impact of market variables	Price fluctuations in raw materials.	Medium	Medium term	Low	Low	Rigorous analyses and investments in EDP Redes España that allows us to anticipate and adjust our business model to the potential market development trends. Electrification of the vehicle fleet. Efficient buildings Boost of Distributed Generation, Technology, and Digitisation.
	New competitors	Uncertainty about the market behaviour.					
	Difficulty in obtaining funds	Difficulties in financing projects not aligned with the GHG reduction. Loss in asset valuation. Demand for new lowemission products and services.					
Transition: technology	Replacement of existing assets due to technological obsolescence	Uncertainty related to technology development. Innovation and anticipation in the development and implementation of new technologies.	Medium	Medium term	Low	Low	Committing to major structural changes to create the grid of the future (for example, load optimisation, installation of smart meters, dynamic pricing, grid sensor systems, DSO as platform suppliers, etc.). Increased relevance of grids (increased digitisation, smart grids, and flexible system) in electrification scenarios.
	Failed or late investment in new technologies						

IDENTIFICATION			ASSESSMENT				MANAGEMENT
Type	Risk	Impacts	Likelihood	Time horizon	NZE	Central	Mitigation measures
Transition: reputational	Stakeholders' concerns or negative comments	<p>Change in the behaviour and preferences of stakeholders, putting pressure on nonsustainable companies (lawsuit risk).</p> <p>Non-compliance with reporting requirements.</p> <p>Loss of relevance in climate change and sustainability indices due to not reaching the expected climate management standards, or reputational damage related to climate change, which may negatively affect the stakeholders' assessment of the company's intangible assets.</p>	Low	Medium term	Low	Low	<p>Climate change position with a sustainability strategy and plan that include ambitious GHG emission reduction goals.</p> <p>Presence in the main sustainability indices such as GRESB, CDP, or DJSi.</p>

OPPORTUNITIES			
Type	Opportunity	Impact	Approach
Energy source	Use of low-emission energy sources	It is necessary to increase the electricity distribution capacity to integrate renewable energies into the grid.	Adaptation of the distribution grid planning.
	Use of incentives for supporting policies	The electricity distribution infrastructure is subject to sustainable financing.	Development of new grid connections.
	Use of new technologies	Increased relevance of grids (increased digitisation, smart grids, and flexible system) in electrification scenarios.	Additional investments based on subsidies, with an especially positive impact on NewCo thanks to the increase in recovery funds aimed at rural areas.
Products & services	Development and/or extension of low-emission goods and service	More energy efficient components and materials that decrease distribution losses.	Introduction of new capabilities to control distributed resources.
	Increase in energy demand	Growing need for the services provided by EDP Redes España.	Increased strengthening of the distribution grid to meet peak demand.
Markets	Access to new markets	No impact has been identified.	Installation of charging points to meet the electric vehicle increase.
	Partnerships with other institutions		
Efficiency of resources	Use of more efficient transport means	Need for new infrastructures.	Increased flexibility to meet the full potential of renewable energies.
	New business models (for example, shared economies)		
Resilience	Supply chain reliability	The preparation of the electricity grid for the energy transformation plays a very significant role. Guaranteeing availability of assets.	Unprecedented strengthening and visualization of the medium- and high-voltage grid.

Management of climate risks and opportunities

EDP Redes España has systematised the management of risks and opportunities related to climate change in the Risk Management Policy and the global Risk Management Governance Model of the company. To this end, it follows a specific procedure that identifies, assesses, prioritises, and communicates to the company's decision-making organs climate change risks that could affect the business.

The regularity of such risk management process is annual. For further information, see the risk Management chapter in this Report

Climate metrics and goals

This report shows the metrics and goals used to assess and manage relevant risks related to climate change.

EDP Redes España Sustainability Plan, aligned with the EDP Group strategy and business plans, comprises, among others, the climate change area, and includes measurable goals to contribute to lead the energy transition with the company commitment to reach carbon neutrality by 2030.

In order to reach these goals, it has been developed the Mitigation Plan, which must be fully implemented by 2030, and the Climate Change Adaptation Plan, whose actions must be implemented and disseminated by 2025.

For further information, see the sustainability plan goals and their progress in chapter 2 in this Report, 'Sustainability Plan'.

See also the results of the EDP Redes España carbon footprint calculation in the same chapter.



European sustainable finance taxonomy

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

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

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

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

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

Thus, for example, the Recovery, Transformation, and Resilience Plan offered distribution companies the possibility of being concessionaires of subsidies to make innovative investments for the digitisation of the distribution grids and charging infrastructures for electric vehicles. In EDP Redes España, we presented an investment plan for each distribution company (E-Redes, Viesgo, and Begasa) which were analysed by the Spanish National Commission on Markets and Competition (CNMC) regarding their adaptation to the sustainable finance taxonomy. It assessed their compliance with the objectives, observing

the DNSH (Do No Significant Harm) principle, their contribution to carbon footprint reduction, and their circular economy strategy. The result of such assessment has placed us as the best-rated company by the CNMC, amply meeting the objectives to access the EU funds, which represented a 15-million-euros increase of the investment volume.

The extended report is available in the [Informe Taxonomía EDP](#)

Human rights

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

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

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

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

Risk identification

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

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

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

As regards these aspects, the following should be highlighted::

ILO conventions

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

Occupational accidents

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

Unemployment

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

Negative impact on communities

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

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

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

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

As regards indirect suppliers, as it has been specified many times in countries undergoing geopolitical conflicts, EDP works on extending the due diligence processes.

By way of example, EDP has co-founded the Solar Power Europe initiative, which has established a solar code of conduct and specific audit principles for the solar sector, the same way it has been collaborating for some years with Bettercoal for the verification of mining companies.



Commitment to the community

In 2022, the communication channels with different town councils and competent organisations have been strengthened, being worthy of note the interaction with the Local Development Agencies in Asturias, Cantabria, and Lugo, which has allowed to carry out a dynamic and efficient action plan adjusted to the needs of each territory.

In addition to the interactions with town councils and agents in Asturias, already consolidated in 2021, new communication channels have been opened in different municipalities in Cantabria identified to be at extreme risk of depopulation assigned to the Montaña Oriental, Campoo-Iguña, and Montaña Occidental regions. Special mention should be made of the relation with the municipalities of Peñarrubia and Reinosa.





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

To sum up, the total interactions in year 2022 between Sustainability and the different stakeholders have been more than 600.

EDP Suma+

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

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

Relevant topics	
 <p>Creation of local employment, paying special attention to women employability</p>	 <p>Training provided to children for their future employability and promotion of STEAM vocations</p>
 <p>Environmental projects for the restoration and recovery of deteriorated areas</p>	 <p>Population settlement and support of services that can prevent depopulation in rural areas</p>

Active commitment to the community.

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

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

- **ENTAMA:** in June 2022, it was launched the fourth series of the Programme, including an extension of the geographical area of influence:
 - The area of action of the ENTAMA programme is maintained in 100% of the Asturias territory, covering the EDP Redes España spheres of influence, being extended to rural municipalities in Cantabria and Lugo at risk of depopulation.
 - Female-led projects or projects with a high women employability potential are prioritised.
- Position of ENTAMA:
 - go!ODS: Entama has been awarded the Prize given by the 3rd go!ODS Awards for its contribution to the achievement of SDG 11: Sustainable cities and communities. These Global Compact Spanish Network awards are aimed at recognising and supporting those innovative projects that contribute to the United Nations Sustainable Development Goals.
 - Cotec Innovation Festival with ENTAMA: EDP has collaborated in the fifth series of the Cotec Innovation Festival #Imperdible05, held in the Segovia municipality of Otero de Herreros (900 inhabitants), and which gathered more than 2,000 people.
 - #Imperdible05 offered more than 25 innovation experiences created in rural areas to tackle depopulation, among which ENTAMA stands out due to its launching potential and the strengthening of its projects in rural areas.
 - In opening ceremony, His Majesty the King got to know the ENTAMA programme with the assistance of the Environmental Division.
- Publication of ENTAMA on the portal Asturias Responsable, an [initiative promoted by the Government of the Principality of Asturias](#) and the Asturian Chambers of Commerce.



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

-**Technology colonies.** Once again, this year, the success of local technology camp programmes from previous years repeats itself. These camps seek to bring new technologies closer to children aged from 10 to 15. In 2022, Technology Camps were organised in 3 municipalities, which were attended by more than 35 participants and which obtained a high satisfaction level reported by the town council offices and official organisations.

EDP +Cerca: Among the local activities carried out in 2022, it should be highlighted the actions to promote sustainable tourism in municipalities such as Medio Cudeyo and Comillas, in which we have collaborated in cultural activities and supported local festivities.

Mi entorno EDP: As regards environmental projects, no specific project was carried out by EDP Redes España in 2022; it is planned to continue with the STOP Cortadería project to fight cortaderia seloana, which SEOBirdLife is planning again for the next years.

The STOP Cortadería project will include actions in 2023 in Cantabria and Asturias related to electricity distribution assets; substations and lines.

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

-**Energy Seminars: 8th and 9th series:**

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

Students from the Universities of Cantabria or Santiago de Compostela - Campus de Lugo, were able to attend it via streaming through the Teams platform.

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

-**Universidad Internacional Menéndez Pelayo:**

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

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



EDP and the Menéndez Pelayo International University (UIMP)



EDP receives the Commemorative Medal of the 90th anniversary of the UIMP

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

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

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

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

EDP sponsors the Menéndez Pelayo International Award

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

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

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

-AEMENER – Spanish Association of Women in Energy:

Permanent collaboration in the activities of the association to appreciate and give visibility to the role of women in the energy sector. Among other projects, we participate in the “Mentoring” project, a programme aimed at female students and professionals in the energy industry, whose purpose is promoting their professional career and helping them to attain their goals and maximise their learning; and the sponsorship of and active participation in the 1st STEM Fair, organised jointly with the School of Mining Engineering of the Universidad Politécnica de Madrid, and open to participation via streaming from anywhere in the country.

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

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



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

- MASSTEAM

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

-Asociación Mujer y Talento

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

-STEM Vocations

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

-“Futuro en femenino”:

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



Supplier Management

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

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

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

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

The main initiatives and actions carried out are:

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

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

Main initiatives



Criticality analysis

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



Rating and recording

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



Assessment of performance

Assessing the **supplier performance throughout the execution of the contract** in the following dimensions: (i) performance and management, (ii) ethics, labour, and human rights, (iii) health and safety management², and (iv) environment²

² Applicable only to construction and service contracts



ESG¹ assessment

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

¹ Environment, Social and Governance

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

ESG CRITICALITY MATRIX

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

MAIN GOALS

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

Anticipation and protection / defence against negative events
(business continuity or reputational impacts)

- Low risk
Definition of minimum qualification requirements/rating (for example, financial, economic, or technical)
- Medium risk
Directing/suggesting the introduction of contractual protection clauses (for example, insurance, bonds, action management...)
- High risk
Definition of the contractual monitoring plan, and, where appropriate, the integrity Due Diligence

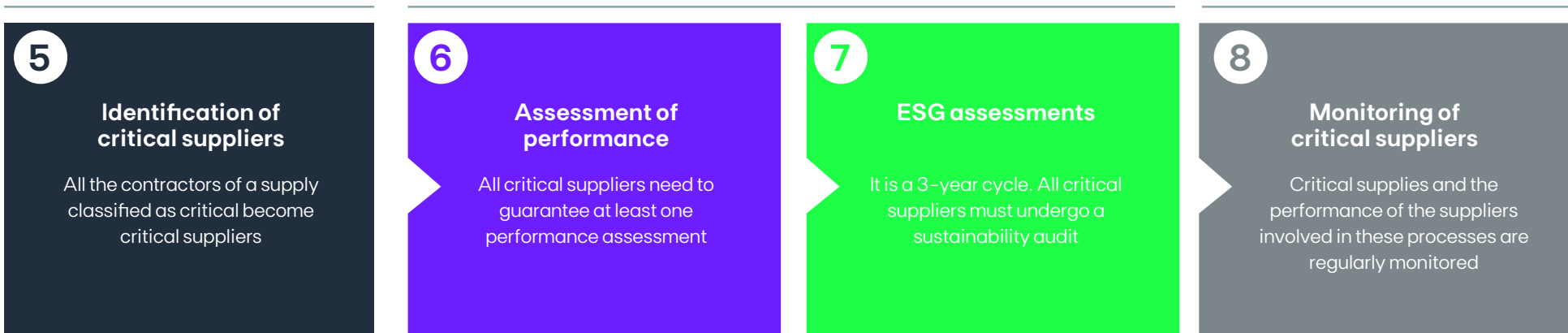
...which must be identified when stating the needs to be submitted to procurement...

ESG CRITICALITY MATRIX



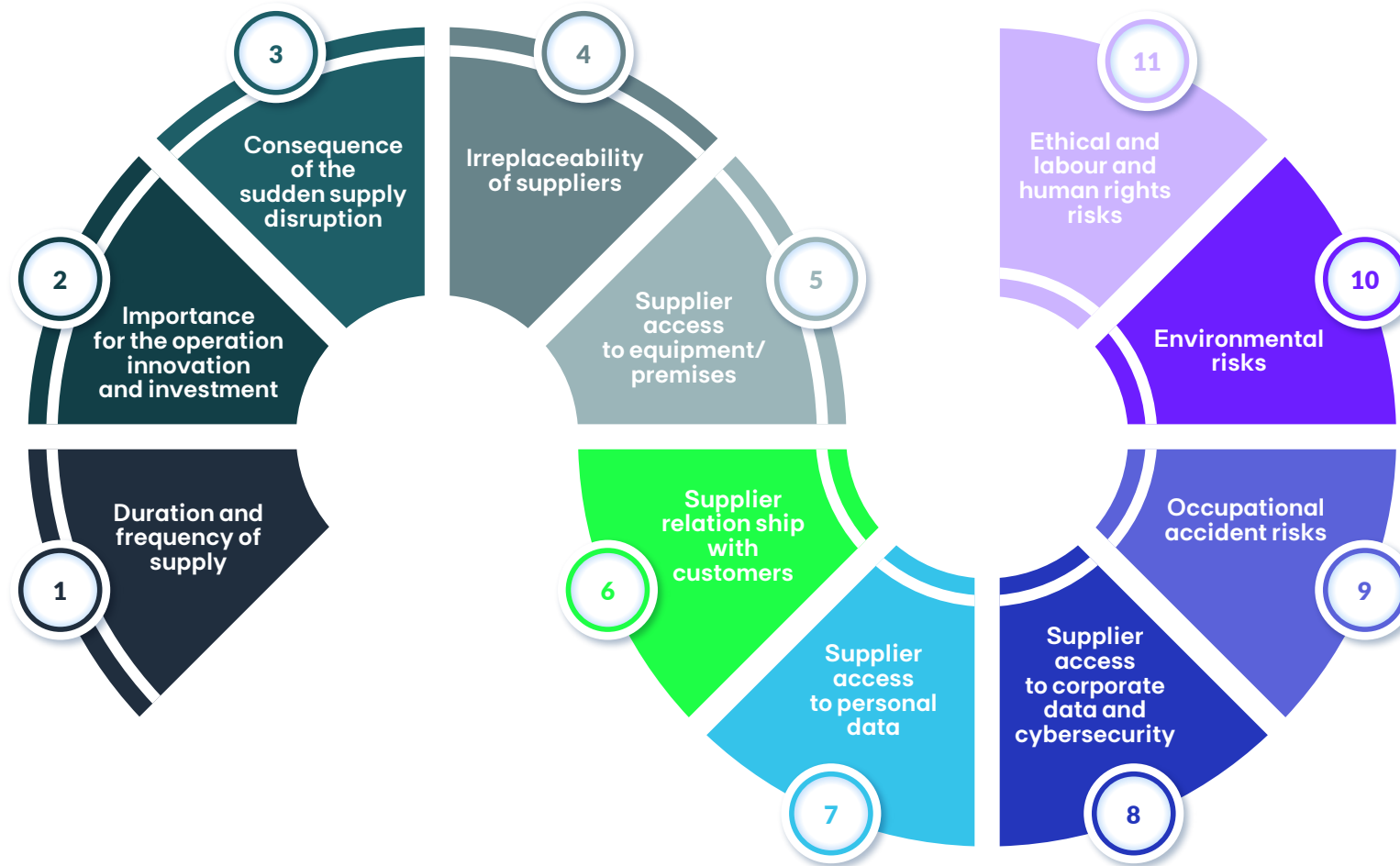
...this information being fundamental to start the whole critical supplier management process of the EDP Group

RISK MITIGATION MEASURES



During year 2022, the incorporation of the ESG performance has been implemented for the assessment and rating of 100% of critical suppliers, a total of 24 in EDP Redes España. Additionally, the ESG audits of those suppliers have been conducted in the last quarter of the year, producing the following results:

- Execution: 91/100
- Environment: 100/100
- H&S: 90/100
- Ethics and human and labour rights: 100/100



Our drive



Year-to-year data

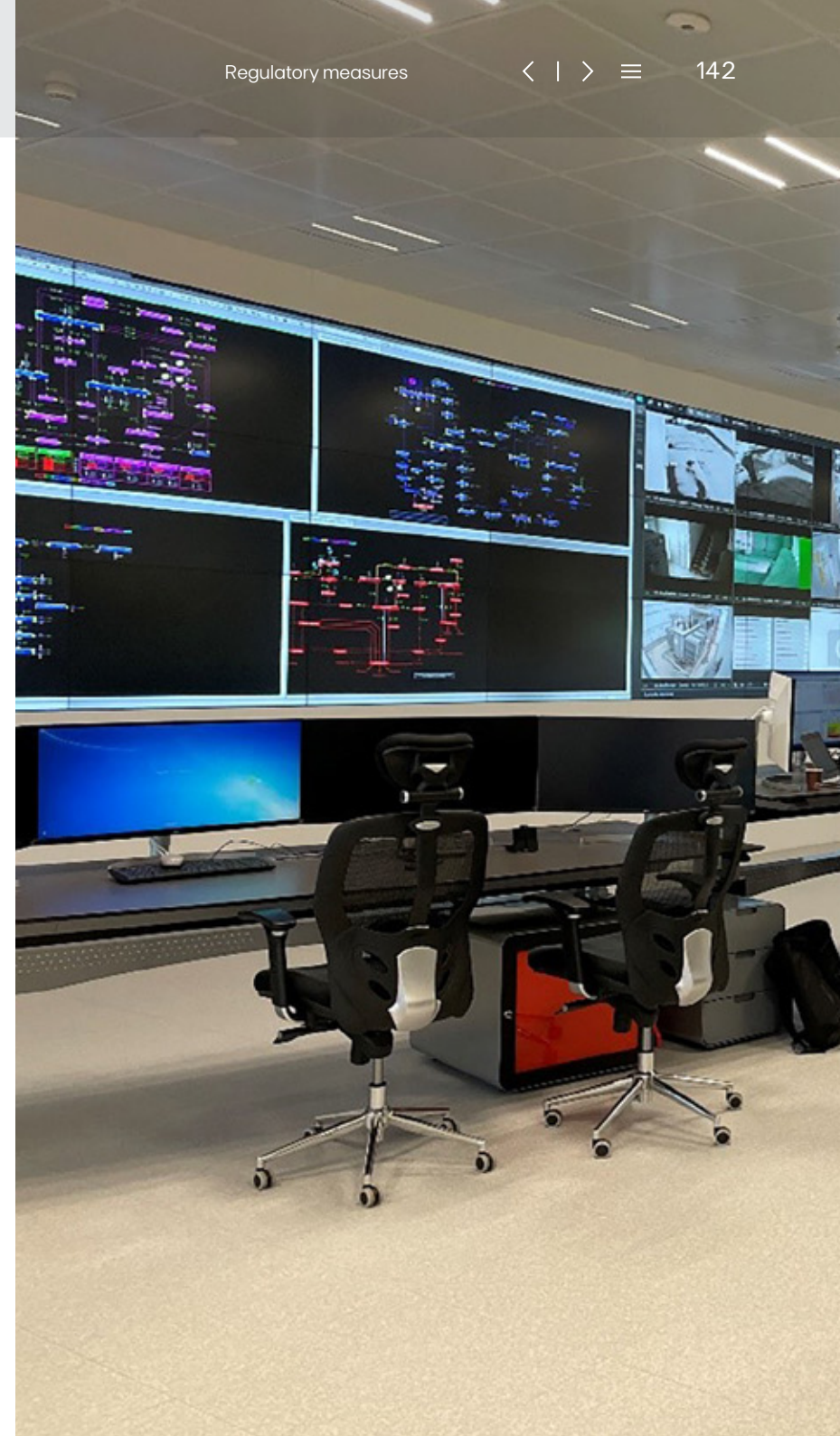


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Financial data

		2022	2021
Financial indicators	UN		
Turnover	m€	431,235	470,524
EBITDA (1)	m€	227,430	241,040
Profit after tax	m€	94,517	141,643
Operating investment (gross)	m€	166,167	132,491
Net debt (1)	m€	2,263,101	2,245,253
Property, plant, and equipment	m€	1,958,321	1,903,390

		2022	2021
Economic indicators	UN		
ENVIRONMENTAL EXPENDITURE AND INVESTMENT	m€	7,228	9,328
Management of waste, waste water, and soil protection	m€	236	148
Projects related to energy efficiency	m€	0	0
Environmental management and prevention	m€	6,988	9,147
Environmental research projects	m€	0	0
Others	m€	4	34



Technical data

		2022	2021
Electricity distribution installations	UN		
HV overhead lines (50/132 kV)	km	2,805	2,821
MV overhead lines (5/10/16/20/22/24 kV)	km	13,073	13,093
HV underground lines (50/132 kV)	km	109	108
MV underground lines (5/10/16/20/22/24 kV)	km	3,863	3,809
LV overhead grids	km	23,693	23,639
LV underground grids	km	9,100	9,022
Transformation centres	Nº	17,895	17,850
Transformation centres' installed capacity	MVA	5,083	5,041
Substations(1)	Nº	274	274
Transformers in substations(2)	Nº	315	312
Installed capacity in substations	MVA	13,238	13,129

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

(2) Power transformers in substations and cold reserves

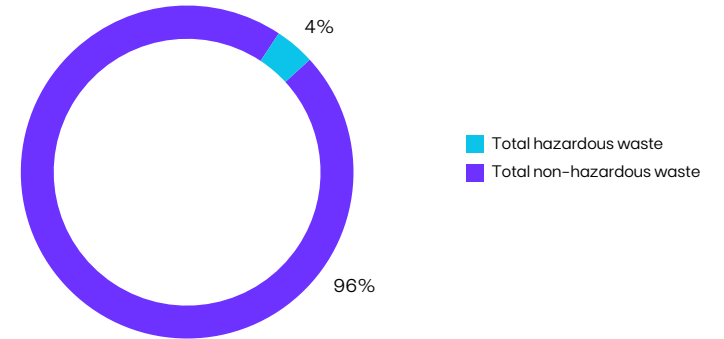
		2022	2021
Electricity distribution	UN		
SUPPLY POINTS	Nº	1,383,123	1,376,478
Low voltage (< 1kV)	Nº	1,380,518	1,373,898
Medium voltage (> 1kV and <36 kV)	Nº	2,367	2,343
High voltage (> 36 kV)	Nº	238	237
DISTRIBUTED ENERGY	GWh	13,286	14,092
Low voltage (< 1kV)	GWh	6,558	4,120
Medium voltage (> 1kV and <36 kV)	GWh	2,813	2,798
High voltage (> 36 kV)	GWh	3,914	7,174



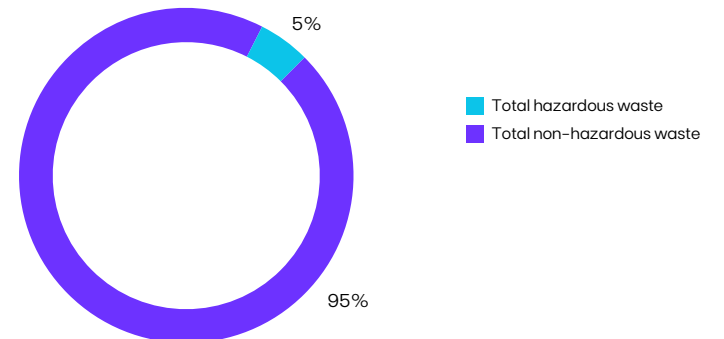
Environmental data

EMISSIONS

		2022	2021
EMISSIONS (ktCO₂eq)	UN		
Scope 1	ktCO ₂ eq	1.9	2.0
Scope 2	ktCO ₂ eq	96.2	82.5
Scope 3	ktCO ₂ eq	1,907.2	1,789.1



		2022	2021
WASTE AND BY-PRODUCTS	UN		
Total hazardous waste	t	694.7	773.9
Total hazardous waste recovered (%)	%	86%	57%
Total non-hazardous waste	t	1,4874.6	15,577.1
Total non-hazardous waste recovered (%)	%	89%	72%



Social data

Employees	2022	2021
Total employees	540	559
Percentage of women	17.8%	17.2%
% of women in leadership positions	21.4%	21.7%

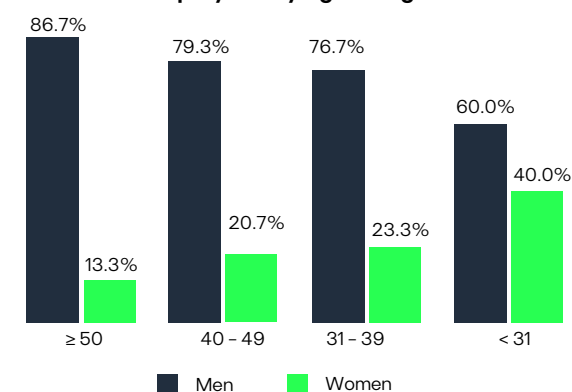
Employee profile by age and gender EDP Redes España			
Age		2022	2021
< 31	nº	5	7
31 - 39	nº	73	68
40 - 49	nº	213	220
≥ 50	nº	249	264

Employee profile by professional category EDP Redes España			
Categories		2022	2021
Top Management/Macrostructure	nº	18	17
Managers	nº	84	86
Senior specialists and specialists	nº	112	121
Support and operations technicians	nº	326	335

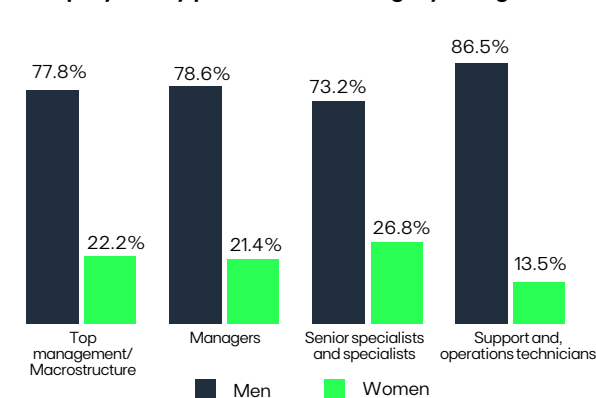
Employees by year



Employees by age and gender



Employees by professional category and gender



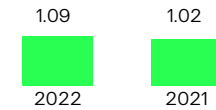
Safety

		2022	2021
Electricity business – Own workforce			
Accidents involving leave	nº	1	1
Accidents not involving leave	nº	6	1
Fatal accidents	nº	0	0
Total accidents own workforce	nº	7	2
Frequency rate (LTIFR)	nº/hrs * 1 million	1.09	1.02
Total recordable injury frequency rate (TRIFR)	nº/hrs * 1 million	7.62	2.04

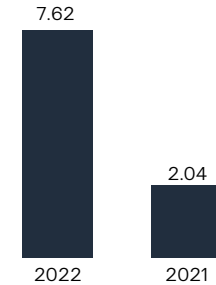
		2022	2021
Electricity business - Contractor staff			
Accidents involving leave	nº	4	3
Accidents not involving leave	nº	3	5
Fatal accidents	nº	0	0
Total accidents contractor staff	nº	7	8
Frequency rate (LTIFR)	nº/hrs * 1 million	2.05	1.48
Total recordable injury frequency rate (TRIFR)	nº/hrs * 1 million	3.58	3.95

Frequency rate: Nº of accidents involving leave/worked hours * 10⁶

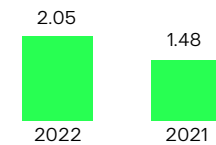
Frequency rates (LTIFR) | Own workforce



TRIFR | Own workforce



LTIFR | Contractor staff



TRIFR | Contractor staff

