

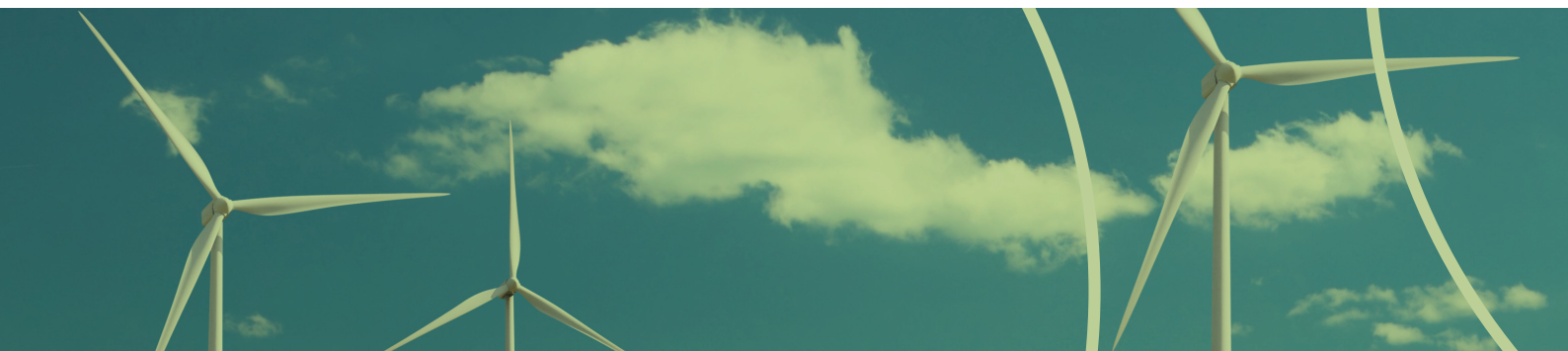


**Integration Case Study:
Environmental integration at
EDP-Energias de Portugal**



ENVIRONMENTAL

2022



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Integration Case Study:

Energias de Portugal (EDP)



Company Description

EDP is Portugal's largest utility and one of the largest wind power developers in the world. It operates in 16 countries and produced over 70% of its output from renewable resources in 2020. EDP was an early mover into renewable energies and since 2006 has invested over €20 billion in renewables, of which 75% has been in onshore wind and 40% in the U.S., through its listed renewables subsidiary EDPR. As a fully integrated utility, EDP is also heavily involved in the distribution and transmission of electricity, both in Europe (across Portugal and Spain) and in Brazil, where it owns Energias do Brasil. Through a partnership with Engie, EDP is also present as a key player in the offshore wind arena.

Sustainability Thesis

EDP is a leader in renewable energy deployment and climate change mitigation efforts from utilities companies, therefore it contributes significantly to the global decarbonisation process. The company has been focusing on low carbon intensity operations as growth opportunities. Furthermore, its carbon neutrality targets are among the most ambitious ones set by integrated utility companies.

Sustainability profile

EDP intends to grow through a business model adapted to the challenges of sustainable development. Their sustainability strategy is based on two pillars: to lead the energy transition and to commit to the environment and society. EDP has already achieved some significant decarbonisation milestones. They are also engaged in different initiatives to enhance their societal commitments. They have made the commitment to be carbon neutral by 2030 and have SBTi approved targets for a 1.5 degree scenario. They have also committed to be coal free by 2025. They are aiming for more than 80% of their revenue to be EU Taxonomy aligned by 2030.

UN SDG Commitment

The company is a participant of the UN Global Compact. With its strong ambitions to reduce emissions and promote renewable energies, several environmental SDGs are embedded within the business growth strategy. Through different programmes and policies, EDP is committed to contribute to a significant number of SDGs.

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ESG factors taken into consideration in the investment analysis:

Environmental:

Decarbonisation

- Customers avoided 1.4 MtCO₂ emissions
- 3.6 TWh saved energy by customers since 2015

Renewable Energy

- In 2020 increased renewable capacity to 79%
- In 2020 increased electricity production from renewable sources to 74%

Emissions

- Reduced Scope 1 by 35%, Scope 2 by 30%, and Scope 3 by 1.3% compared to 2019

Climate

Focus on:

- Promoting internal energy efficiency with suppliers and end consumer
- Providing low-carbon products and services to customers

Biodiversity

- Contributes to the prevention or reduction of loss in biodiversity, favouring dynamic, wide-ranging management with local participation, and a long-term vision with the ambition for a globally positive balance
- Contributes to the deepening scientific knowledge on the different aspects of biodiversity, specifically through the establishment of partnerships

Electric cars

- Special tariff for customers who own electric cars
- 100K electric vehicle charging points installed
- EDP's fleet is 100% electric

Smart meters

- 100% smart meters installed in the Iberian Peninsula

Social:

Volunteering

- The EDP Group, undertakes a Volunteering Program, the Program has had over 38,900 participants, totaling over 293,000 volunteer hours, and has partnered with over 2,500 organisations, impacting the lives of over 1.4 million people
- Founded an Energy Access Fund, a program through which EDP supports sustainable and clean energy projects in remote rural areas

Governance:

- The company is aiming to reach 30% female leadership in 2025 and 35% in 2030
- Maintain top management compensation to ESG matrices

Important disclosures



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