



ENERGIA
ENERGIA
ENERGIA

ENERGIA



ENERGIA



EDP ESPAÑA
SUSTAINABILITY
REPORT
2019



en es



ENERGY. ENERGIA. ENERGÍA.

We are energy. An international energy that speaks many languages. We are a force driven by innovation towards a greener, more electric and more sustainable future.

It is no longer a secret that we think wind, water and sun are our biggest allies in the conquest of an increasingly cleaner energy that reaches everyone in a fairer and more inclusive way.

We set ourselves ambitious goals, always with the commitment to create a network of energy, talent, technology and more global and efficient solutions.

Decarbonise, digitise and decentralise are the action verbs in this road to change.

We lead the energy transition and we assume the responsibility for challenging the world to do it along with us.

Energy starts in us. And the future is today.

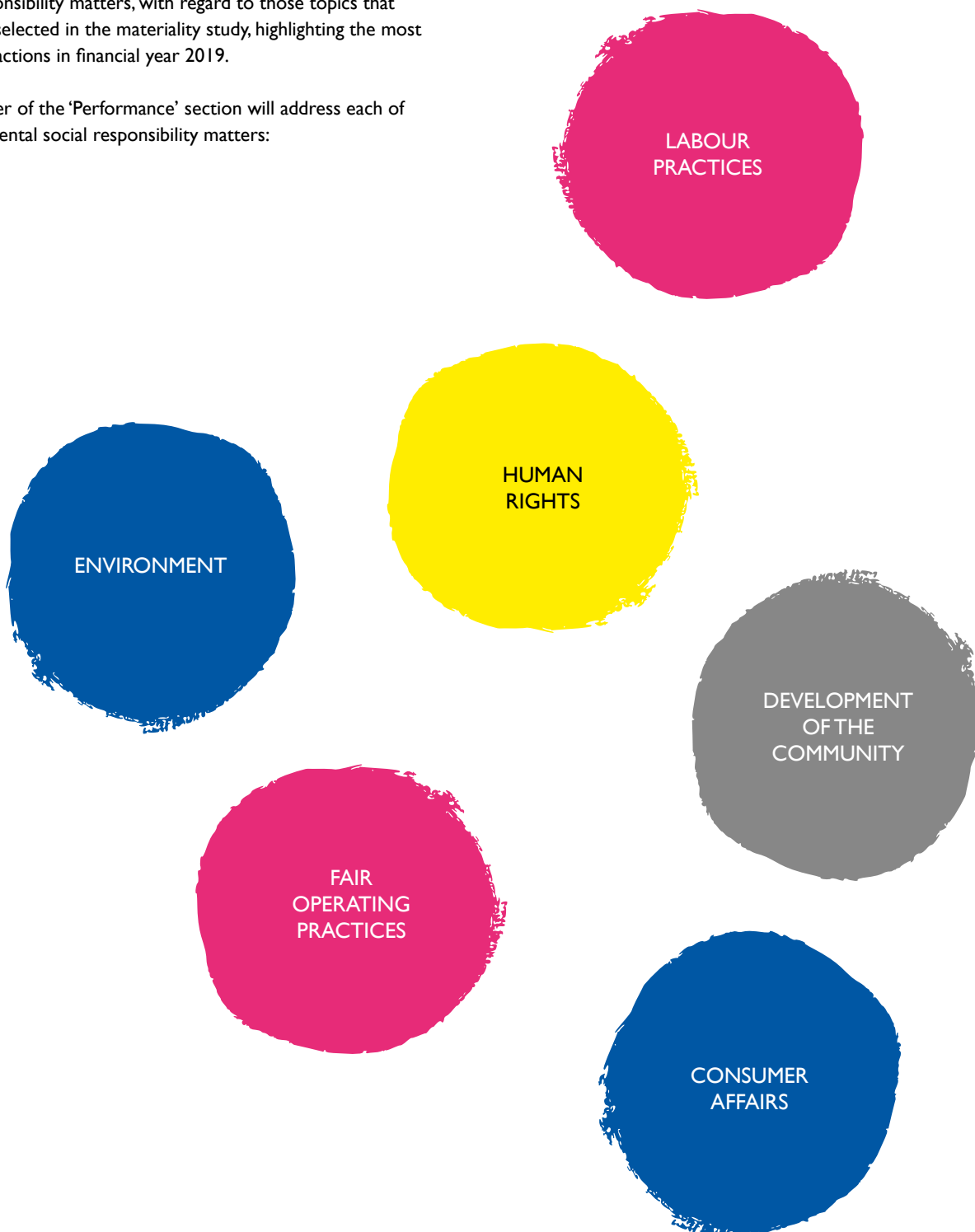


THIS REPORT

EDP is a global company with a strategy that integrates social responsibility, including and identifying social and environmental considerations in the decision-making process, and pinpointing the relevant matters for the stakeholders.

In this sustainability report, we will go through the fundamental social responsibility matters, with regard to those topics that have been selected in the materiality study, highlighting the most important actions in financial year 2019.

Each chapter of the 'Performance' section will address each of the fundamental social responsibility matters:





Monday

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**TO OVER
DOWN
MENTO**

WIND

**WIND
ENERGY**

WIND

WIND

NEW YORK

01

EDP ESPAÑA

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MANUEL MENÉNDEZ MENÉNDEZ
CHAIRMAN

I.I.I. LETTER FROM THE CHAIRMAN

Year 2019 has been marked by the global climate agenda. One of the major milestones has been the COP25 held in Madrid, where it moved from Chile, which has been a success in terms of organisation, although progress is still to be made on the central matters, cutting of emissions and carbon markets.

In this agenda, the European Union continues leading the fight against climate change, having approved the so-called Green Deal, with the ambitious goal of achieving carbon neutrality by 2050. This requires to redefine all policies, strategies and sectors as may be necessary to attain such ambitious target.

In this context, the energy industry must, among other no less relevant aspects, effectively lead a sustainable and just energy transition process. In order to meet this premise, it will be vital, from a regulatory point of view, that uncertainties are minimised and economic signals are the appropriate ones in the long term.

In Spain, reducing regulatory uncertainty is an indispensable requirement for the successful development of the National Integrated Energy and Climate Plan (PNIEC) 2021-2030, which envisages very relevant investments. Achieving carbon neutrality by 2050 will entail the electrification of the economy, with a 100% renewable electricity system and, at least, a 90% decrease in greenhouse gas emissions.

For this purpose, it is estimated that a total investment of 236,000 million euros must be made, 80% of which to be contributed by the private sector, which requires the existence of an appropriate cost-benefit ratio, while certain aspects of the current electricity system must be reviewed to make it more competitive, adapting the rate model and the taxation system, removing energy policy extra charges and taxes that have nothing to do with the strict cost of the electricity supply.

EDP, through its 2030 strategy, is in line with this new context. The decarbonisation involves investing in renewable energies and reducing specific CO₂ emissions, as well as an orderly exit from thermal assets which does not compromise the quality of the service or the security of the supply – aspects that make assets such as EDP's still play a significant role in the coming years.

Our commitment to self-consumption is firm, but this generation decentralisation requires smart grids to manage energy flows and to support the implementation of the electric car. Likewise, digitisation is key for internal processes and for meeting customers' requirements.

To conclude, we should highlight that all this energy transition process must be 'just and solidary' with the people and the regions that are most negatively affected by it. Beyond the European and national funds that may be allocated, the companies' social action is fundamental and, in this regard, EDP intends to keep its proven commitment to the local community of each geographical area in which it develops its activity.

Finally, I would like to thank all the people who are part of the EDP team for their work and, especially, the General Supervisory Board and the Executive Board of Directors of the Group for their support to the development of the company in Spain.



Manuel Menéndez Menéndez
Chairman



RUI TEIXEIRA
CHIEF EXECUTIVE OFFICER

1.1.2. LETTER FROM THE CEO

Once again, this year, it is my pleasure to present this sustainability report as a framework through which we can go over and highlight the relevant matters of the energy sector as a whole and, especially, EDP España's performance in the current energy transition context which we had already foreseen.

In 2019, EDP not only presents its new strategy with a vision and goals by 2030, but it also regains its leading position in the DJSI among the vertically integrated electricity companies. This position in sustainability consolidates our alliances with stakeholders and showcases our work with regard to the Sustainable Development Goals and the Global Compact Principles. EDP's active role in the COP25 held in Madrid is further proof of this public commitment.

As for businesses, prevention remains a priority goal, which we are furthering thanks to improvements in security indicators, both ours and our partners companies'. Along with the respect for the environment – 2020 marks the start of the transition to a Circular Economy –, these are a good demonstration of EDP's commitment in the performance of all its activities.

With regard to generation, there has been a change in the priority order of coal and gas in the market, impacting on the operation of coal groups, which has resulted in the recognition of the impairment of these assets. We continue investing in the digitisation of generation assets, with a significant progress in our big data analytical capacity and with impacts on the operation and maintenance of the plants. On the other hand, we should stand out our agreement with ArcelorMittal for the conversion of Aboño I into a gas power plant – a clear example of just transition, in which, under a circular economy concept, the life of the plant may be extended and steel waste gases may be exploited.

Concerning electricity distribution, in 2019, the brand name was changed to E-Redes, thus complying with regulatory requirements. In the operational sphere, even though the TIEPI (Equivalent Interruption Time) has increased due to the different wind and snow weather phenomena occurred in November and December, we keep offering a top-quality service in Spain. The investments in digitisation will continue as a fundamental part of this activity, improving our process efficiency and our responsiveness to our customers.

In the retail area, our last-resort retailer is now named BASER, in compliance with the requirement to be distinguished from our free-market retailer, EDP Comercializadora. Overall, customer care stands out once again, having received for the third year in a row the award for the best face-to-face customer care, while at the same time it has strengthened new channels with commercial partners.

In 2019, the launch of EDP Solar, a new company with a nimbler approach and ambitious plans to keep increasing our distributed generation capacity throughout Spain, has materialised. A further commitment this year has been sustainable mobility, with a new strategy that comprises the entire cycle, from the purchase of vehicles and the mobility services, to private and public charging solutions.

Initiatives such as Teatro EDP Gran Vía de Madrid allow us to improve the brand's renown and to support our commercial strategy. In the social sphere, measuring the energy of applause and turning it into electricity to be donated to vulnerable groups stands out for its social innovation and originality.

However, there are many more projects that we have been developing together with our stakeholders. They are projects that create shared value. In the specific case of our local communities, these projects allow us to support their needs and expectations. We should highlight initiatives such as ENTAMA, a programme through which we have funded 10 entrepreneurs' projects that not only create economic activity but also secure population in rural areas.

Continuous improvement, through the Lean programme, which already exceeds 4,000 initiatives, and innovation, through the Starter programme, which is already in its third year and involves the participation of 500 start-ups, remain key for improvement.

It should be also emphasised the creation of EDP Ventures España, a company through which we will organise our participation in innovative projects and new business models.

Let me conclude with another topic that involves a change in our work model, turning to a collaboration model based on digitisation. In this regard, the Agora project carried out in the corporate building, and which will conclude in 2020, will be the milestone towards a nimbler structure.

The year-end closing, with a €346 M EBITDA, 6% higher than in 2018, and a recurring net profit* of €157 M, 4% higher than in 2018, is a consequence of everybody's commitment to meeting the set goals. Therefore, I would like to thank all the employees of EDP Spain for their performance and dedication, which have been key for the results obtained, as well as the entire Board of Directors for their support, which is fundamental to face the challenges of the future.



Rui Teixeira
Consejero Delegado

* Excluding the €160 M provision for the impairment of coal assets, net of taxes.

1.2 OUR YEAR

1.2.1

Main events

12 Mar

PRESENTATION OF EDP'S
NEW STRATEGIC PLAN,
AMBITION 2030

1 Apr

THE ELECTRICITY
DISTRIBUTION COMPANY
OF THE EDP GROUP IN
SPAIN CHANGES ITS BRAND
TO E-REDES DISTRIBUCIÓN
ELÉCTRICA

2 Apr

EDP LAUNCHES THE
THIRD SERIES OF ITS
INTERNATIONAL
PROGRAMME FOR
ENERGY START-UPS:
STARTER 2019

20 May

EDP SIGNS AN AGREEMENT
WITH AEMENER TO BOOST
THE ROLE OF WOMEN IN
THE ENERGY SECTOR

14 Aug

THE LAST-RESORT
RETAILER OF THE EDP
GROUP CHANGES ITS
NAME TO BASER

9 Sep

OPEN-DAY EVENT IN SOTO
DE RIBERA

2 Oct

CREATION OF
EDP SOLAR

18 Oct

START OF THE MARTIN
GONZÁLEZ DEL VALLE
INTERNSHIP PROGRAMME

14 Nov

THE GOVERNMENT OF
ASTURIAS AND EDP
SIGN AN AGREEMENT TO
SUPPORT TECHNOLOGY
COMPANIES' PROJECTS
AND INVESTMENTS

2-15 Dec

PARTICIPATION IN THE
COP25

4 Dec

PRESENTATION OF THE
ENTAMA PROGRAMME
FOR THE SUPPORT OF
LOCAL ENTREPRENEURS

17 Dec

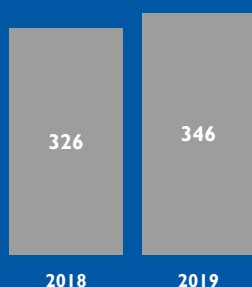
NEW COMMERCIAL
WEBSITE

I.2.2

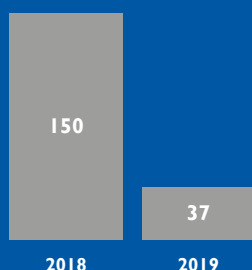
Main indicators

FINANCIAL DATA

EBITDA €M



NET PROFITS €M



NP in 2019: €157 M excluding the one-off provision of €160 M for the impairment of coal assets, net of taxes.

Data from the consolidated accounting results of EDP España.

OPERATIONAL DATA

GENERATION

3,667 MW +0% VS 2018

INSTALLED POWER

9,685 GWh +1.2% VS 2018

NET PRODUCTION

DISTRIBUTION

8,262 GWh -11.7% VS 2018

DISTRIBUTED ENERGY

668,494 +0.3% VS 2018

SUPPLY POINTS CONNECTED TO OUR GRID

RETAIL

12,362 GWh -1.5% VS 2018

RETAILED ELECTRICITY

1,166,187 +1.1% VS 2018

ELECTRICITY CUSTOMERS (SUPPLY POINTS)

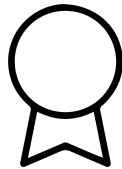
15,394 GWh +2.2% VS 2018

RETAILED GAS

903,181 +1.4% VS 2018

GAS CUSTOMERS (SUPPLY POINTS)

A company...



**CUSTOMERS AND SUPPLIERS
FOCUSED ON
COMPETITIVENESS**

544,893
CUSTOMERS WITH ELECTRONIC BILL

74 %
CUSTOMER SATISFACTION

12 GWh
SAVED BY CUSTOMERS IN ENERGY EFFICIENCY SERVICES

23
NO. OF ACCIDENTS IN SERVICES WITH SUPPLIERS

**PEOPLE
HUMAN
AND INCLUSIVE**

31h/p
TRAINING HOURS/EMPLOYEE

1225
EMPLOYEES

26%
WOMEN

19%
WOMEN IN MANAGEMENT POSITIONS

4
OWN ACCIDENTS



PLANET
MORE SUSTAINABLE

384 t/GWh

OF SPECIFIC CO₂ EMISSIONS

98%

RECOVERED WASTE AND BY-PRODUCTS

100%

CERTIFIED INSTALLED POWER

99%

RECOVERED WATER OUT OF ABSTRACTED WATER



COMMUNITY
ATTENTIVE TO
EXPECTATIONS

€600,000

ALLOCATED TO EDP SOLIDARITY PROGRAMME

€141,254

ALLOCATED TO ENERGY SOLIDARITY PROGRAMME

179

INTERNSHIPS FOR STUDENTS

250

ATTENDEES AT OPEN-DAY EVENTS



INNOVATION
MORE DIGITAL

€9.7 M

INVESTMENT IN R&D&I

100%

SMART METERS INSTALLED

5,508

HOURS OF VIDEO CONFERENCE USE

1.2.3

Recognition

THE 'SHARE
YOUR ENERGY'
INITIATIVE,
recognised in the
'Premios Genio' awards

THE LAUNCH
OF TEATRO EDP
GRAN VÍA,
short-listed in the 'Premios
Eventoplus' 2019 awards

NUMBER
1 IN THE
SECTOR OF
INTEGRATED
UTILITY
COMPANIES.
With the best score in
EDP's history

**EDP ESPAÑA
RECOGNISED
AS ONE OF
THE BEST
COMPANIES**
to work for in Spain,
in the 39th position

**AWARD FOR
THE BEST
INNOVATION
AND CUSTOMER
EXPERIENCE**

PROJECT to the 'Maitre'
office queue management
system, in the 'Premios de la Era
Digital' commercial awards

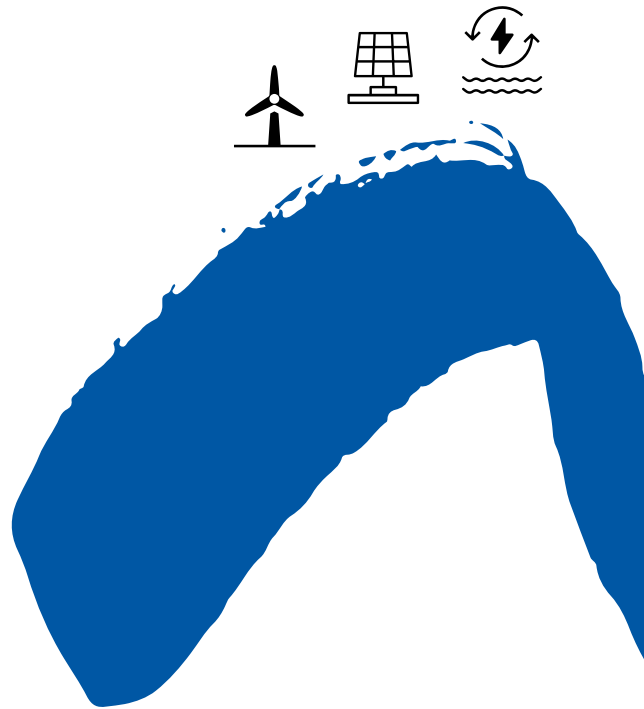
**EDP, AWARDED
THE 'PREMIO
CONFIANZA
SELECTRA' TO
THE BEST ENERGY
RETAILER,** for the quality of
our customer care and the clarity
of our offers

**THE EDP
FOUNDATION
RECEIVED
THE 'PREMIO
TULIPÁN DE
ORO' 2019
AWARD**

given by the Asturias
Parkinson Association

I.3 EDP ESPAÑA'S PROFILE
I.3.1

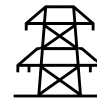
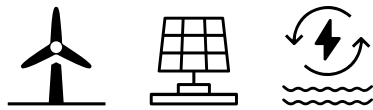
WHO ARE WE?



EDP IS A VERTICALLY INTEGRATED ENERGY COMPANY

EDP España is the Spanish subsidiary of the Portuguese multinational EDP, world leader in the energy sector and one of the main operators in the Iberian Peninsula, present in 19 countries and 4 continents.

EDP has almost 11,700 employees, out of which 1,225 belong to EDP España, and is present in the entire electricity value chain and in the gas retail activity.



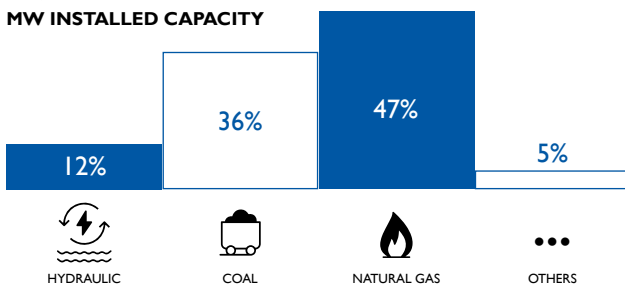
1. PRODUCTION

Electricity is generated from renewable or non-renewable energy sources. The energy produced through traditional sources comes mostly from coal, natural gas, nuclear energy and cogeneration. In the case of renewable sources, it comes essentially from water, wind and sun. The energy produced is sold to the **wholesale market**.

Investments in wind and centralised solar energy are made through EDP Renovables.

3,667

MW INSTALLED CAPACITY



2. TRANSMISSION

In the **transmission activity**, the owners of the grids allow the passage of the produced energy. The energy transmission grids are comprised by high-voltage power lines which subsequently channel energy to the distribution grids. EDP España has no transmission assets.

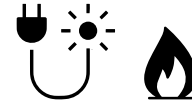
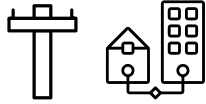
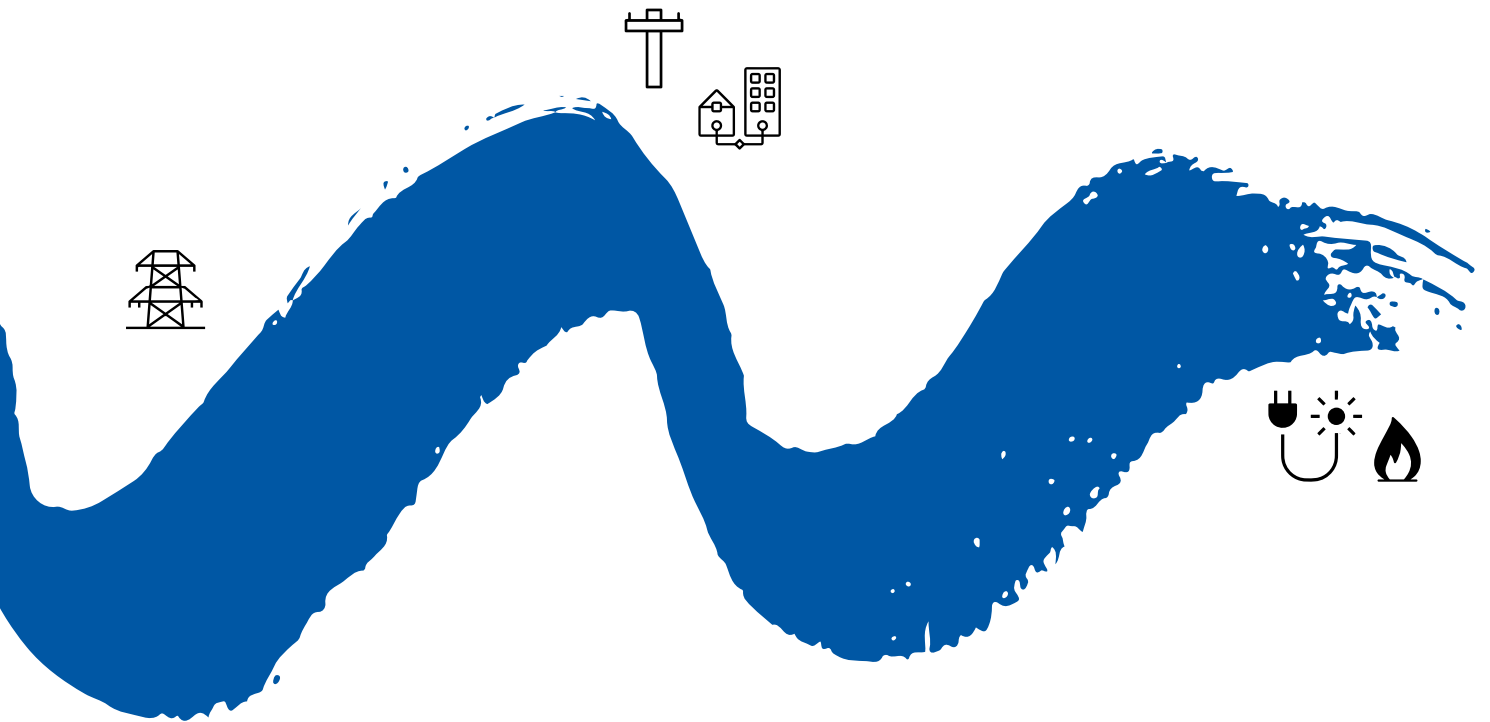
In Spain, the transmission activity is carried out by Red Eléctrica de España (REE).

ENERGY MANAGEMENT

The **energy management activity** comprises the global management of the volume and price risk, from the purchase of fuel to the sales price for end customers.

9,685

GWh NET ELECTRICITY PRODUCED



3. DISTRIBUTION

In the **distribution activity**, the owners of the grids allow energy to be channelled to the supply points. The electricity distribution grids are comprised by high-, medium- and low-voltage lines. Substations and transformation centres are also an integral part of the distribution activity.

20,768

Km OF LINES

15,732
Km OF OVERHEAD LINES

5,036
Km OF UNDERGROUND LINES

8,262

GW_h OF DISTRIBUTED ELECTRICITY

4. RETAIL

The **retail activity** includes the purchase of energy in the wholesale market, the payment of tolls or access tariffs for using transmission and distribution grids and the sale of electricity and gas to the end consumer.

1,166,187

ELECTRICITY CONSUMERS

937,463
FREE-MARKET CUSTOMERS
(SUPPLY POINTS)

228,724
LAST-RESORT CUSTOMERS
(SUPPLY POINTS)

903,181

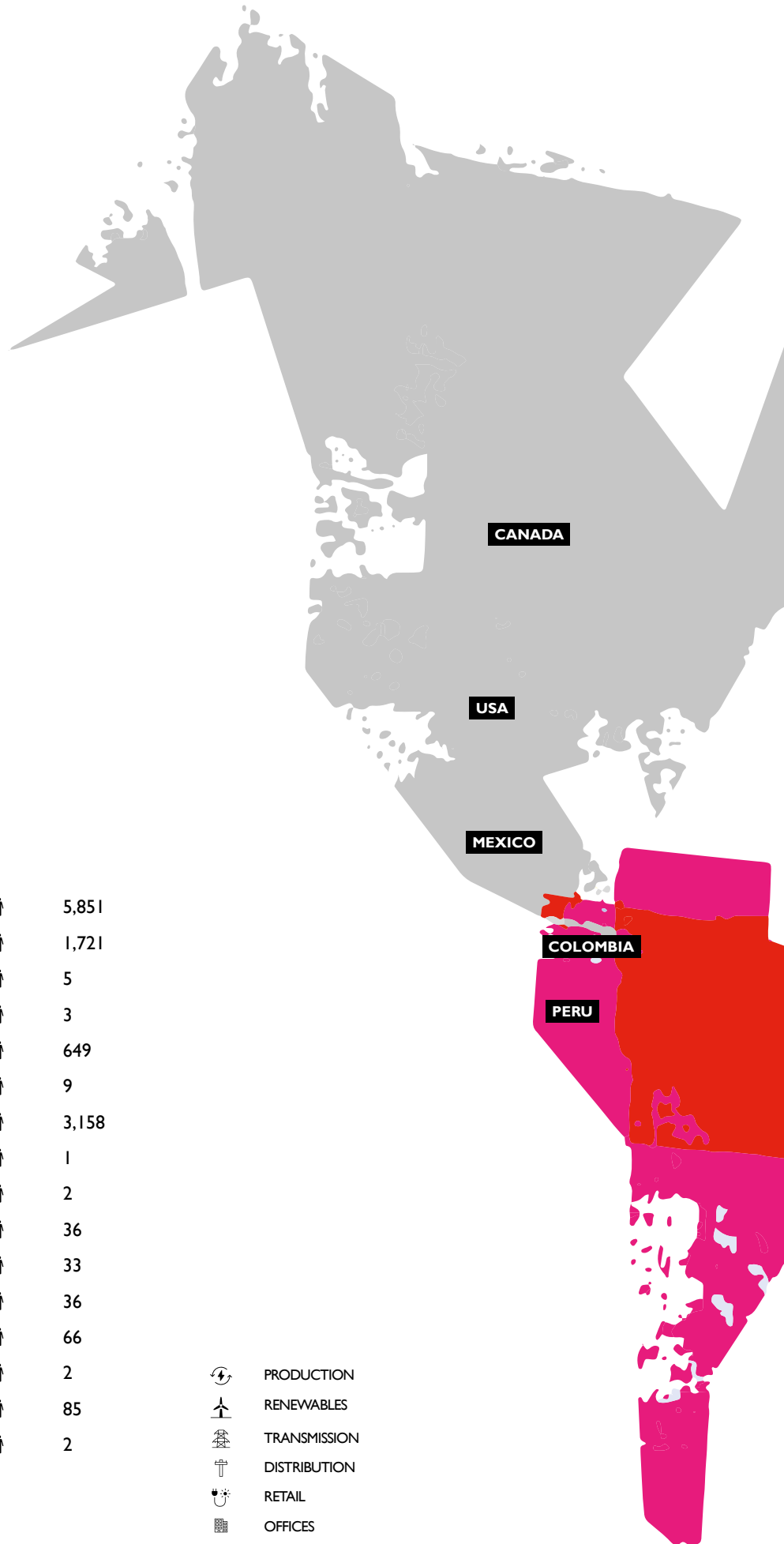
GAS CUSTOMERS

851,210
FREE-MARKET CUSTOMERS
(SUPPLY POINTS)

51,971
LAST-RESORT CUSTOMERS
(SUPPLY POINTS)

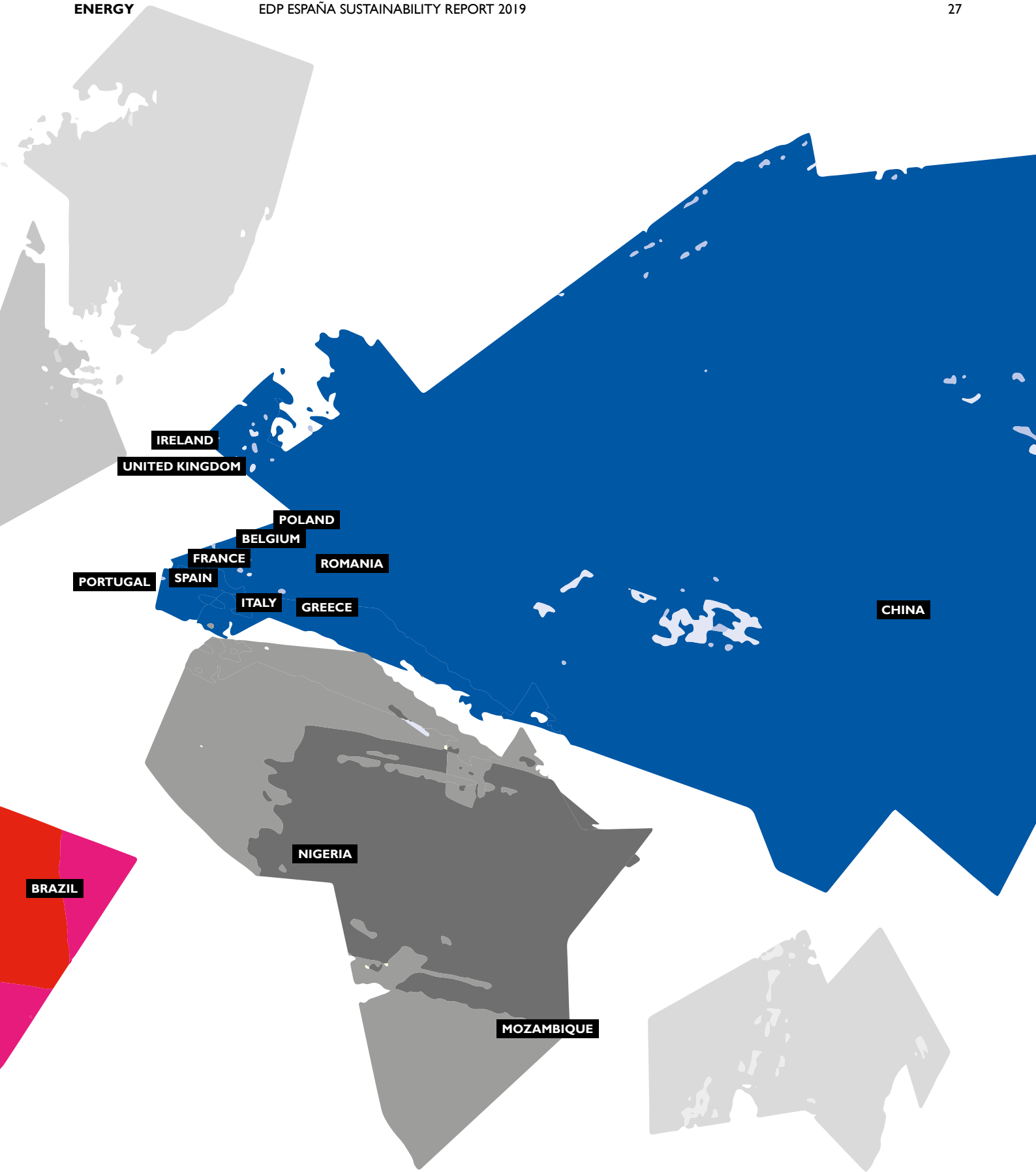
1.3.2

Where are we



PORTUGAL						5,851
SPAIN						1,721
CANADA						5
COLOMBIA						3
USA						649
MEXICO						9
BRAZIL						3,158
PERU						1
CHINA						2
POLAND						36
ROMANIA						33
ITALY						36
UNITED KINGDOM						66
BELGIUM						2
FRANCE						85
GREECE						2
IRELAND						
MOZAMBIQUE						
NIGERIA						

- PRODUCTION
- RENEWABLES
- TRANSMISSION
- DISTRIBUTION
- RETAIL
- OFFICES
- EMPLOYEES



I.3.3

How are we organised

BUSINESS AREAS

I. RENEWABLES



8%
EBITDA

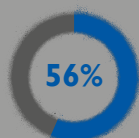
2%
NET CAPEX

2. DISTRIBUTION



45%

EBITDA



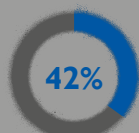
NET CAPEX

3. CUSTOMERS AND ENERGY MANAGEMENT



47%

EBITDA



NET CAPEX

WISDOM

A GLOBAL ENERGY COMPANY,
LEADER IN THE CREATION OF VALUE,
INNOVATION AND SUSTAINABILITY

COMMITMENTS

RESULTS

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

CUSTOMERS

- We put ourselves in our customers' shoes whenever we make a decision.
- We listen to our customers and reply them in a simple and transparent way.
- We surprise our customers, getting ahead of their needs.

SUSTAINABILITY

- We assume the social responsibility resulted from our activity, contributing to the development of the communities in which we are present.
- We sustainably reduce specific greenhouse gas emissions resulting from the energy we produce.
- We actively promote energy efficiency.

PEOPLE

- We combine ethical conduct and professional rigour with enthusiasm and initiative, fostering team work.
- We promote the development of skills and merits.
- We believe that balance between personal and professional life is essential to succeed.

VALUES

INNOVATIVE

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

SUSTAINABLE

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

HUMAN

- Building true and trusting relationships with our customers, suppliers and local communities.

Management of *Stakeholders*

MARKET

COMPETITORS

FINANCIAL ENTITIES

SHAREHOLDERS AND INVESTORS

DEMOCRACY

PUBLIC ADMINISTRATIONS AND REGULATORY BODIES

PARLIAMENT AND POLITICAL PARTIES

INTERNATIONAL INSTITUTIONS

The management of stakeholders is a priority for EDP, which seeks to maintain a close and transparent dialogue with all the parties with which it has a relationship, and it plays an increasingly relevant role for the business.

Building and strengthening trusting relationships, sharing knowledge and important information, getting ahead of challenges and identifying new opportunities for cooperation with stakeholders are the main goals of EDP's Policy on the Relationship with Stakeholders.

The management of stakeholders is a sharing and transparency practice carried out by companies in their relationship with society and, in particular, with all those that have an impact on or are impacted by the companies' activities.

EDP identified this challenge several years ago, creating clear methodologies to act and tools to systematise the relationship with its stakeholders in all its activities.

Thanks to our continuous improvement in this area, EDP has been internationally recognised, as it has obtained the maximum score in stakeholder engagement in the Dow Jones Sustainability Index in the last three years.

EEMPLOYEES AND UNION REPRESENTATIVES

SUPPLIERS

CUSTOMERS AND THEIR REPRESENTATIVES

SCIENTIFIC COMMUNITY

CITY COUNCILS

LOCAL COMMUNITIES

NGOs

MEDIA AND OPINION LEADERS

CHAIN VALUE

SOCIAL AND TERRITORIAL ENVIRONMENT

POLICY ON THE RELATIONSHIP WITH STAKEHOLDERS



UNDERSTAND

INCLUDE, IDENTIFY, PRIORITISE

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



COMMUNICATE

INFORM, LISTEN, REPLY

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



TRUST

TRANSPARENCY, INTEGRITY, RESPECT, ETHICS

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

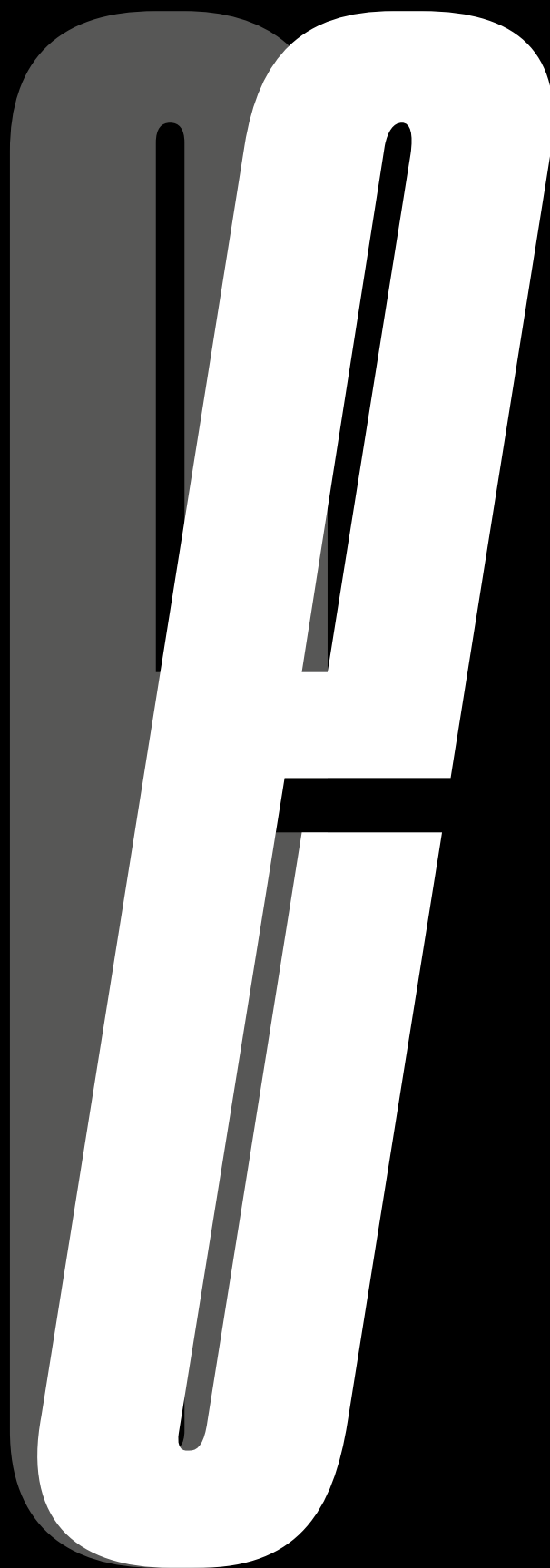


COLLABORATE

INTEGRATE, SHARE, COOPERATE, INFORM

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

edp



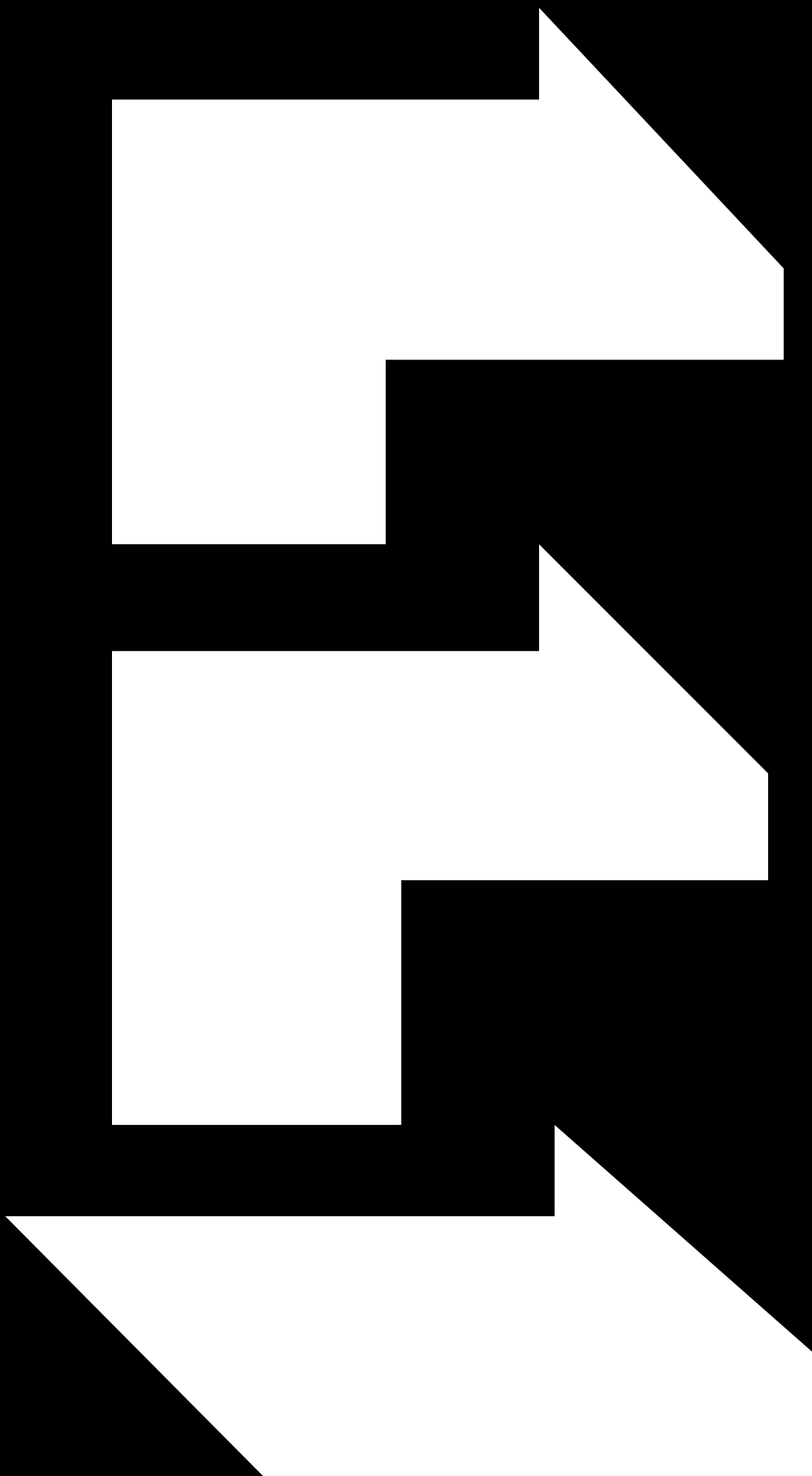


02

02 CONTEXT

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edp



02

CONTEXT

2.1 VOLUNTARY COMMITMENTS

DOW JONES SUSTAINABILITY INDEX (DJSI)

The Dow Jones Sustainability Index was created in 1999 as a non-financial performance benchmark for publicly traded companies on a global level. In 2019, 2,296 companies were analysed (202 more companies with respect to the previous year), and 318 were selected to be part of the DJSI World, among which EDP is included – out of the group of 16 public utility companies, eight are electricity firms. On a European level, DJSI Europe has selected 142 companies, including EDP, which is one of the three electricity companies of this group.

In addition to the economic and financial indicators, this index assesses criteria such as transparency, corporate management, relationships with investors, management quality and social and environmental responsibility. The inclusion of EDP in the Dow Jones Sustainability Index is a recognition of our commitment to sustainable development, which is reflected both in the strengthening of the best practices contained in the Corporate Governance model and in the expansion strategy of renewable energies as well as in the use of more efficient generation technologies.

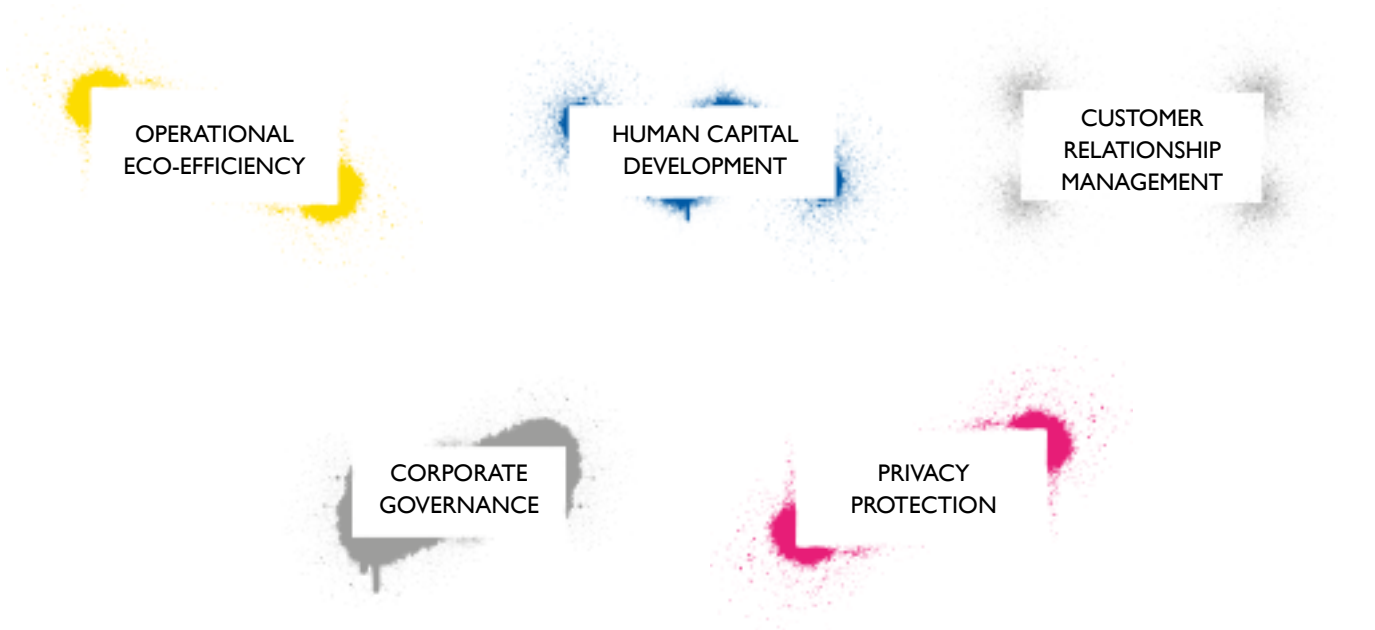
In 2019, with a total of 90 points, EDP obtained the best result in its history and ranks **first among the integrated utility companies** in the Dow Jones Sustainability Index (DJSI).

With 5 more points than in 2018, the index that distinguishes the main sustainability companies in the world assessed EDP's performance in the three main dimensions: environmental, economic and social.

Among the assessed criteria, we highlight 9 in which EDP obtained the maximum score (100 points):



EDP also stood out in the following criteria:



In the words of the Executive Chairman of the EDP Group, António Mexia, 'Being once again number 1 in the Dow Jones Sustainability Index, among integrated utility companies, is a clear recognition of EDP's commitment to sustainable development and its execution capacity in the different areas in terms of sustainability. The energy industry is undergoing a revolution marked by trends such as decarbonisation, digitisation and decentralisation, which, over the last 12 years, we have been anticipating by aligning our business model with the energy transition to fight climate change. This is a commitment that EDP will continue assuming in order to create a more sustainable world for future generations.'



In order to be the world **number 1**, we have simply put the world first



EDP is the world leader of integrated energy companies, included in the Dow Jones Sustainability Indices for 12 years in a row.

edp.com

2.1.2 THE SPANISH GLOBAL COMPACT NETWORK

EDP España is a signatory of the Global Compact since year 2004, and it annually presents its Progress Report, which is published both on the Spanish Global Compact Network website and on the UN Global Compact website, being recognised as 'advanced'.

Other remarkable collaborations include the publishing of EDP España's good practices in sustainability in the Network's publications about Sustainable Development Goals, the latest one being 'SDG, year 4. The leadership of Spanish companies in the Agenda 2030'. Likewise, in the COMparte platform, EDP España's many good practices in sustainability, always related to the SDGs, are highlighted and publicised.



<https://compactlink.pactomundial.org/plataforma-buenas-practicas-COMparte>

In the same year of the SDGs 4th anniversary, EDP España has collaborated with the Spanish Global Compact Network to spread the #aliadosdelosODS campaign.

Thus, on the occasion of the International Day of Persons with Disabilities (3 December), the 'Share your energy' project, connected with SDG 10 (Reduce Inequality Within and Among Countries) stood out; two Agreements signed by EDP España and BTT Monte-Areo y Kayak impacting on SDGs 3, 13 and 15 were also published in June; and 'ENTAMA', the project for supporting local entrepreneurs in the areas of the Generation plants, was launched, coinciding with the New York summit marking the 4th anniversary of the SDGs, as a project with an impact on SDG 8 (Decent Work and Economic Growth) and SDG 11 (Sustainable Cities).

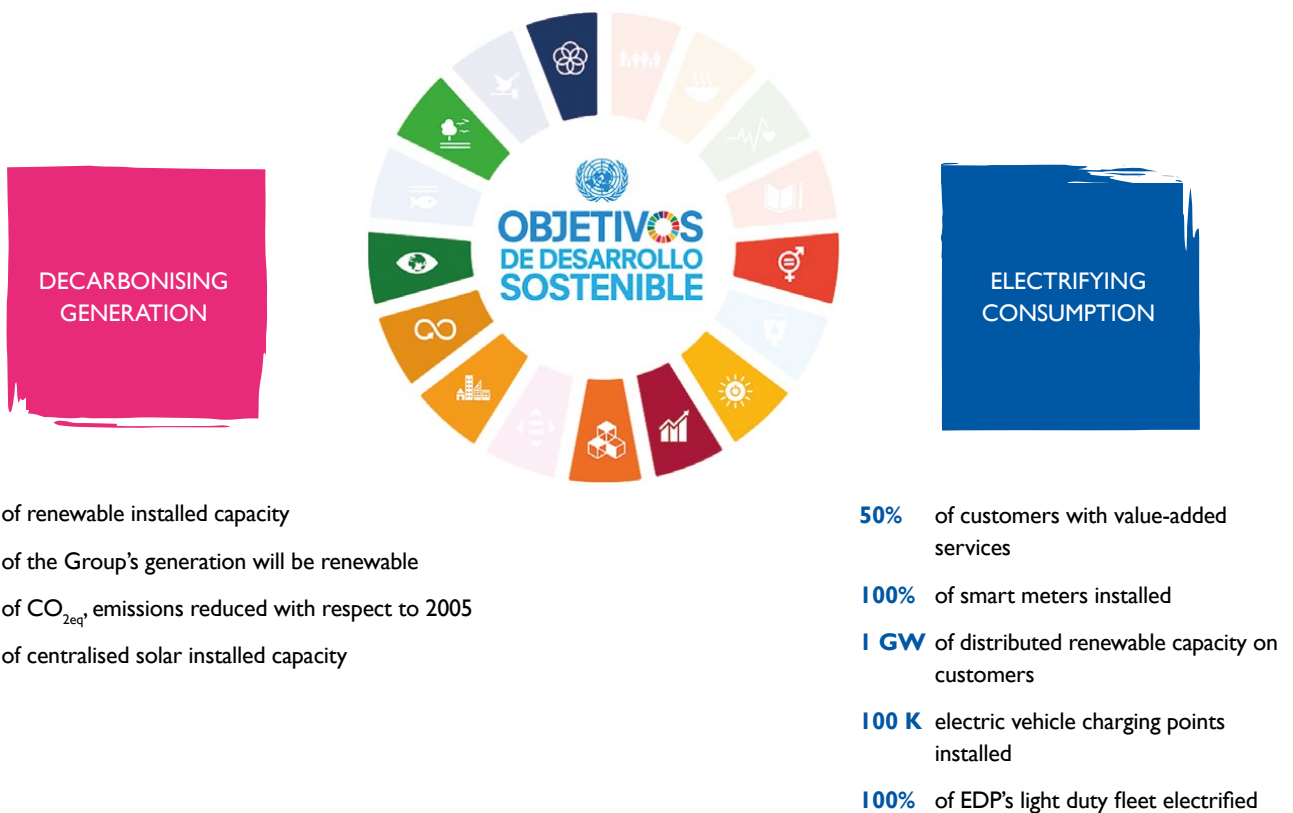
Coinciding with the 4th anniversary of the SDGs, EDP España collaborated with the Spanish Global Compact Network to disseminate the #aliadosdelosODS campaign. The goal was contributing to further spread the 17 Sustainable Development Goals, approved four years ago with the Agenda 2030 and to which EDP is strongly committed.

Another collaboration has been EDP España's participation as a speaker in a practical workshop about SDGs regarding the concept of 'quantifiable commitments and reporting', which showcased EDP España's experience in a practical way as an example for other companies and organisations of the Network.

2.2 GOALS 2030

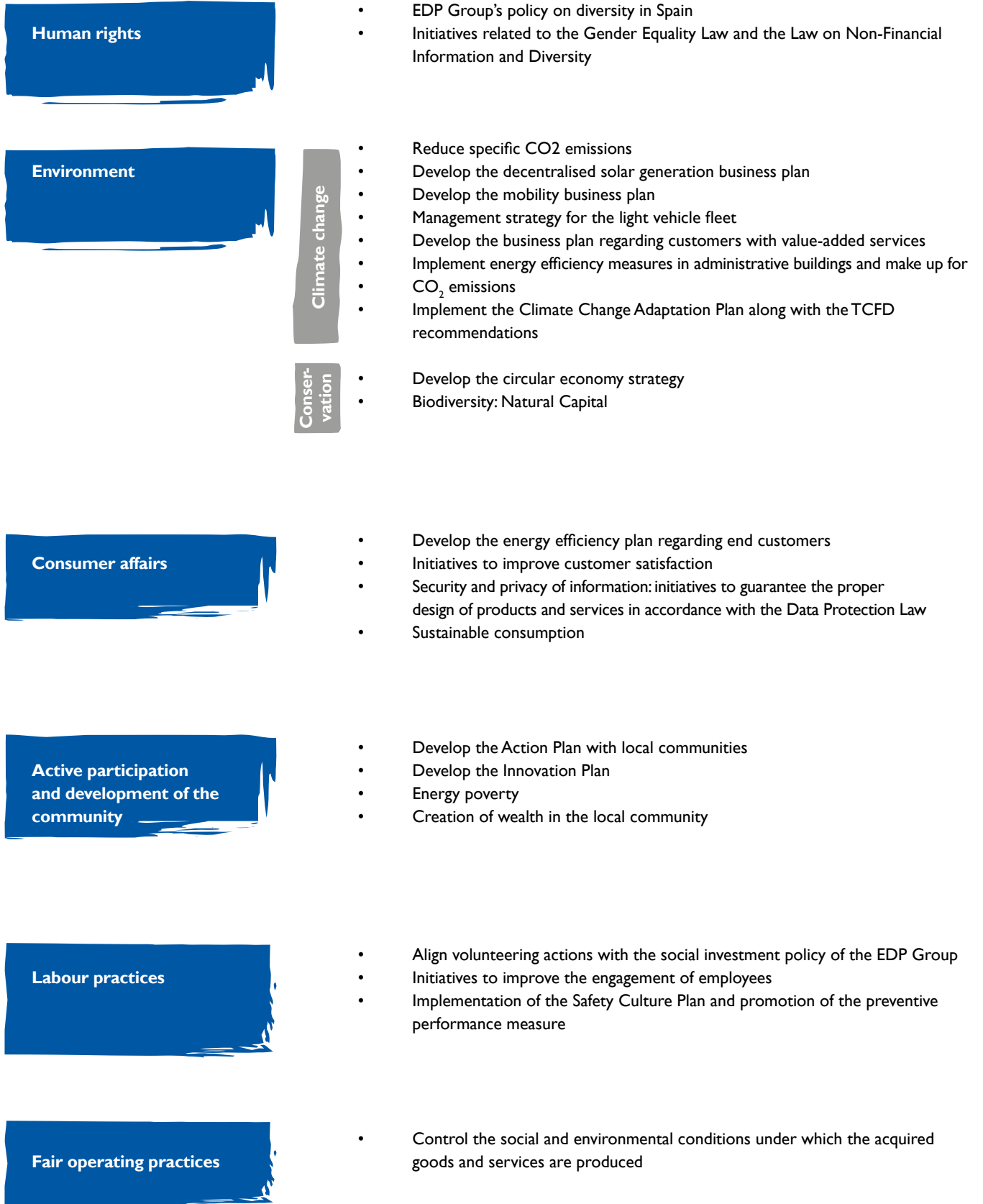
In March 2019, the EDP Group set its Sustainable Goals 2022 and its Ambition 2030, which is a revision of Sustainable Goals 2020.

Ambition 2030 is organised in two main cores on which EDP has been working over the last years: decarbonising generation, by increasing the presence of renewable energies and reducing CO2 emissions, and electrifying consumption, by offering customers increasingly sustainable products and services.



2.3 EDP ESPAÑA'S SUSTAINABILITY PLAN 2020-2022

For the preparation of EDP España's Sustainability Plan, EDP Group's global strategy for 2022 and 2030 has been taken into account, as well as the topics identified as relevant for EDP España in the materiality study.



2.4 TESTIMONIALS

Javier Saenz de Jubera
Board Member
and General Manager

2019 has been a year of significant changes in EDP España's Retail area. The most remarkable events have been the following:

In B2B Sales, the Large Accounts and Companies segments have been split into two teams, the latter of which has undergone an Iberian integration with the Portugal team.

In B2B Systems, a new CRM with SALES FORCE technology has been implemented.

In B2C Sales, after having dropped customer prospecting through the D2D channel, the company has successfully developed an alliance with MediaMarkt which, together with other actions, has allowed EDP to increase the number of both its electricity and gas customers this year.

Furthermore, it has boosted the Distributed Generation and Electric Mobility Businesses with very ambitious development plans for the future.

Lastly, our Customer Care policy is still being recognised as the benchmark in the Spanish energy sector – it has received the Best Face-To-Face Customer Care award in the 'Premios de Excelencia en Relación con el Cliente' and it has been one of the three finalists for the global award to the Best Company in Customer Relationship Excellence.

All this has led us to obtain the best economic results in the history of our Retail business.

Miguel Mateos
Generation Director

The most remarkable novelty in EDP España's generation activity in year 2019 has been that coal plants have been replaced by combined-cycle plants as the technology that contributes the most to our electricity production.

Combined-cycle plants reached a 45% quota, against 32% of coal, 13% of Trillo nuclear plant or 9% of our hydraulic production. The cause has been the strong and continuous reduction in the price of natural gas throughout the year.

As a consequence thereof, our CO2 emissions have been reduced by 27% compared to those in 2018, and accumulated atmospheric emissions have been far below the limit values authorised by the Provisional National Plan – 26% in the case of SO2; 56% in NOx and 20% in Particles.

Soto 3 has been the unit that has suffered to a larger extent this loss of activity, having operated only thirteen days throughout the entire year, which forced us to prepare a reorganisation plan for the operation and maintenance areas of this group and to transfer them to the Soto combined cycle itself or to other plants. Thus, it can be asserted that the ecological transition was initiated long ago in the Soto de Ribera Power Plant, specifically when it was decided to locate units 4 and 5 there.

Lastly, it should be highlighted that digitisation is still present in the generation activity, having obtained the first results after the implementation of the Monitoring and Diagnostic Centre, which allowed us to avoid costly breakdowns by detecting anomalous conditions in advance.

Luis Álvarez Arias de Velasco
Distribution Director

We have closed year 2019 with a 26-minute TIEPI, punished by the heavy storms in the months of November and December (as at 31 October, it was only 13 minutes). As regards investments, we have put into service installations for a gross amount of €37.3 M, among which we can stand out the Grado substation and the improvements in the Pumarín, Soto and Trasona substations, which will help us to maintain the quality levels of our grid.

In the regulatory sphere, it was published the circular that sets our tariffs for the 2020/2025 period, maintains business stability and economically reinforces quality and loss indicators, in which we are leaders in the industry. The value of the loss during year 2019 has been 7%, which is the lowest value in our history and far below the sector average.

We have continued investing in the grid digitisation and in the development of innovative projects, among which we could highlight the monitoring of power transformers and the use of satellite pictures for the felling and pruning activity. In the month of May we concluded the incorporation of the entire low-voltage grid into our Scada system – a further distinguishing feature of our distribution which facilitates the management of such grid as a smart grid.

Finally, we should emphasise that on 1 April, we proceeded to change the HCD distributor brand to E-REDES DISTRIBUCIÓN ELÉCTRICA, in accordance with the resolution of the National Commission on Markets and Competition (CNMC) of 6 September 2018, under which distribution and retail companies belonging to integrated groups are bound to avoid confusing consumers with regard to the information, presentation and image of a brand. The change exclusively affects the brand and not the Company, which keeps its corporate name and its TIN.

Felix Arribas Arias
Administration, Finances
and HR Director

Year 2019 has been characterised by the implementation of the Labour Conditions set in the 3rd Collective Bargaining Agreement of the Group, as well as the different Labour Affairs Committees and Subcommittees that apply. Additionally, the company has concluded several agreements with union representatives as regards the Daily Working Record and specific matters ancillary to the text of the 3rd Collective Bargaining Agreement, such as the generation of non-wage economic payments for travelling expenses and payments for voluntary trips with the employee's own vehicle.

In June, it was held the EDP España Digital Bootcamp-Leaders in Digital Transformation, in which digitisation was discussed from an integrated approach, which comprised people, business and technology. It was developed as a summit, including conversations between CEOs, round-table conferences, presentations, interviews, pitches, stands (corners) and workshops (LinkTalent, Power BI and the Cloud). The event was attended by a total of 219 persons (204 EDP's employees and 15 external persons) from all the Business Areas. During the event, the company presented the internal initiatives developed by the Culture Committee and the participants in the workshops carried out in 2019 around 3 cornerstones: Employee Experience, Sustainable Productivity and Collaborative Work, and Efficiency and Nimbleness.

Lastly, in 2019, EDP España joined the Asturias Network of Healthy Companies and adhered to the Luxembourg Declaration, a document establishing the basic principles of action and the framework for the proper management of employees' health. Likewise, throughout 2019, we continued working to add and improve work-personal life balance measures that allow EDP España to be certified as a Family Responsible Company (FRC). Thus, the presentation was updated with all the available measures; we put forwards the Intranet section regarding FRC and, in December, we sent a measure assessment questionnaire, the information of which allows us to annually implement actions for improvement.

Santiago Bordiú
Cienfuegos-Jovellanos
Regulation Director

The year started with Royal Decree-Law 1/2019, transferring to the National Commission on Markets and Competition (CNMC) several competences that had been held by the Government up to now, inter alia, those regarding electricity distribution tariffs, electricity wholesale market and capacity allocation in the gas system. Among the already approved aspects, we should highlight the new electricity distribution tariff for the 2020-2025 period, which will become 5.58%. Among the matters to be approved by 2020, it is pending the approval of new electricity and gas toll methodologies, which, along with the Government's approval of methodologies regarding charges used to fund energy policy costs, will replace the current access tariff.

In 2019, the new economic system for self-consumption was implemented by virtue of Royal Decree 244/2019 and other regulations, which will lead to the fact that, in 2020, consumers may opt for collective self-consumption and the compensation for their non-self-consumed excesses in their bill.

As regards energy transition, the Government has presented the Strategic Energy and Climate Framework, containing the National Integrated Energy and Climate Plan (PNIEC) and a draft bill on energy and climate, which envisage an electricity industry in which, by 2030, three out of four kWh consumed will come from renewable sources, setting the foundations for a 100% renewable electricity sector by 2050, and the existence of Just Transition Agreements between administrations and companies to facilitate such energy transition.

Also, in 2019, it is worth highlighting these other matters:

- The Royal Decree Law 17/2019 that has set a tariff for renewable energies for the 2020-2025 period equivalent to 7.09% for new installations, while the old ones may maintain a 7.4% under certain conditions.
- The electricity tariff deficit remains under control. Financial year 2018 has been definitively closed with a tariff surplus of 96 million euros.
- In the electricity market, we should highlight the modification of the market rules in order to be increasingly in line with our neighbouring European markets.
- As for the protection of vulnerable customers, during 2019, the Government approved the National Strategy on Energy Poverty.

Marcos Antuña Egocheaga
New Business
and Project Director

On 19 December, after some long and intense negotiations with ArcelorMittal, year 2019 ended with the signing of the Memorandum of Understanding to formalise a new contract between EDP España and the steel company for the supply of steel waste gases to the Aboño thermal plant for a 17-year period.

Such contract will replace the current one, which is valid until 2023, from the entry into commercial operation of Aboño-I once it has been transformed into a gas plant.

The main goal of Aboño-I's conversion is to completely stop using coal as fuel for this unit, which will be then fuelled basically by steel waste gases – furnace gas, mostly, and coke making gas – and by natural gas, which will be necessary as support and stabilisation fuel, its power being limited to 222 net MW. Likewise, the useful life of the plant will be extended, which will allow it to operate for 17 years in the framework of the new contract – a period that may be extended 8 more years, up to a total of 25, should both parties reach an agreement in the future and decide to extend its operation.

The conversion will also enable Aboño-I to comply with the emission limits set by the European Directive 2010/75 on Industrial Emissions as well as the limits of the new BREF expected for 2021.

The project will entail an investment of 96 million euros and it is an excellent example of circular economy and contribution to decarbonisation and just transition.

As regards Physical Safety, in 2019, several corporate facilities were equipped out with safety systems. Some existing equipment was also improved and revamped. Additionally, mandatory inspections, as well as different preventive and corrective maintenance works, were carried out on the safety systems of all the facilities, involving a significant number of interventions. Another remarkable event has been the intervention in the modernisation project of the corporate building in Oviedo.

Pelayo Echevarría Ybarra,
Legal Advice Director

During year 2019, Legal Advice managed more than 10,000 judicial proceedings in process. Most of these proceedings correspond to matters aimed at the collection of debts in the residential and company market, which have a recovery rate over the market average. In criminal jurisdiction, it is worth mentioning the action that is being pursued before the Audiencia Nacional (special division of the Spanish Supreme Court) for alleged crimes of fraud, money laundering, concealment of assets and tax offences through the creation of Electricity Retailers that acquired in the market up to 95% less of the energy demanded by their customers, damaging the affected electricity companies and the Spanish electricity system, to which EDP is a party acting as private prosecutor. Likewise, Legal Advice has participated in the design and implementation of different models that allow to improve the control and monitoring of the actions developed in the Group, such as bankruptcy proceedings, the contracting via electronic means for large accounts and companies or the assessment of the preventive performance of contractors.

From the corporate point of view, it should be mentioned the incorporation of EDP SOLAR ESPAÑA, S.A.U., for the development of photovoltaic solar energy projects; COMERCIALIZADORA ENERGÉTICA SOSTENIBLE, S.A.U., for the supply of energy coming exclusively from renewable sources, qualified with the CNMCA label; EDP VENTURES ESPAÑA, S.A.U., for the promotion of investments in start-ups during their first development stages; NATURGÁS COGENERACIÓN, S.A.U., which acquired the Sidergas plant for the generation of electricity and thermal energy from steel waste gases coming from the Arcelor factory; and TRANSPORTE GNL, S.A., for the development of the hydrocarbon maritime transport business.

As for legal advice, the most remarkable milestones throughout the year have been the support given to the new activity developed by the Distributed Generation Area and the negotiation of an agreement allowing the continuity of Aboño I with ArcelorMittal.

Azucena Viñuela Hernández
Internal Audit Director

In the Internal Audit sphere, financial year 2019 was marked by the execution of several audits from an internal control diagnostic approach – a type of work that allows conducting a full revision on the underlying control environment in the main activities of a business or support area – as well as by the revision of the risk assessment and process prioritisation methodology on which the preparation of the annual audit plan is based, incorporating into the analysis (in order to enrichen it) the effect of the combined assurance present in certain areas or processes (subject to quality, prevention or legal audits, among others) as specific input.

On a Compliance level, in the sphere of criminal legal risk prevention, we continued with the annual assessment cycle of this compliance programme, emphasising the implementation of criminal compliance goals and indicators and the launch of a specific e-learning on this compliance programme aimed at all the employees. During financial year 2019, a new specific legal obligation compliance programme regarding Competition was implemented in EDP España, contributing to reinforcing EDP's compliance culture and raising awareness among the Group's employees about the rules of conduct that must be observed in this matter. During 2019, EDP España's Data Protection Officer continued monitoring the data protection compliance programme and the company kept reinforcing operations and procedures in this area, in line with EDP's commitment to the privacy of our customers and the rest of stakeholders.

From the Internal Control point of view, in the course of year 2019, the activities of the annual cycle of the EDP España Group's Financial Reporting Internal Control System (SCIRF) were managed, while the extent and the documentation of SCIRF processes and controls were revised and updated. Additionally, the system underwent self-assessment and self-certification along with those responsible for processes and controls, and the testing work performed by the external auditor was supported and coordinated. Besides, throughout the first quarter, a new corporate tool was implemented to support and assist the SCIRF management.

Furthermore, by the end of 2019, EDP's CAE, in order to reinforce the implementation of the three lines of defence model in the Group, decided to segregate the area and create a Compliance and Internal Control Office separate from the Internal Audit Office.

**Jose Luis Martinez
Mohedano**
Secretary of the
Board of Directors

As concerns the actions developed during 2019, I would highlight, firstly, in the sphere of business ethics management, the start of the revision works on the EDP Group's Code of Ethics, which is initially expected to be concluded between March and April 2020 with the publishing of a new Code of Ethics more in line with the current reality.

Also in this area, it must be noted the ethics training offered to EDP España's suppliers, developed both online and onsite during the months of March to August 2019, which has been completed with significant success, since 87% of the supplier companies' workers have participated in this training.

In the scope of the Criminal Legal Risk Prevention Model, the activity of the new Qualified Control Organ ('Compliance Officer') has continued being developed and the company has kept progressing in the continuous improvement of the Model, into which the new Compliance Office has been integrated, once separated from Internal Audit.

Finally, with concern to EDP Sucursal en España, it has continued performing its activities as usual, among which we can emphasise the reorganisation of the stakeholding in its subsidiaries in Spain through the EDP International Investments and Services, S.L.'s capital increase carried out in September 2019.

Yolanda Fernández Montes
Director for Environment,
Sustainability, Innovation and
Climate Change

In 2019, it has been approved EDP España's Sustainability Plan 2020-2022, with specific initiatives and goals for each of the fundamental sustainability matters, involving the whole company.

Among the legislative novelties, the European Green Deal, based on environmental conservation, fight against climate change to reach neutrality by 2050 and a sustainable investment and just transition European plan, has been published. With regard to climate change, the Ministry of Ecological Transition sent the draft of the National Integrated Energy and Climate Plan 2021-2030 to the European Commission, which assessed it positively. EDP España is working on the Climate Change Strategy and has proposed the first Adaptation Plan 2020-2022.

With respect to just transition, building a climate neutral economy requires a change in the way of acting in order to seek to increase the company's competitiveness, while simultaneously improving the social and economic conditions of the communities in which it operates. In this sense, during 2019, the work carried out with suppliers have been consolidated, and the actions in the local community have been extended, among which the ENTAMA programme stands out as a novelty, aimed at supporting entrepreneurial initiatives that generate resources and employment in the municipalities nearby the Generation centres.

As for the environment, in 2019, we have received new Integrated environmental Authorisations in Aboño and Soto, where more demanding conditions on emissions and dumping parameters have been imposed. It should also be highlighted the Noise Management Plan, which establishes a series of actions aimed at reducing exposure to this risk in thermal plants. As a result of the continuous control exercised, and once concluded the annual internal and subsequently external audit cycle, we have maintained the management system certificates for all the activities. Plus, the LEAN programme constitutes the tool for the continuous improvement of activities through the participation of all employees.

Luis Ángel
Rodríguez Villalba,
Information Technologies
Director's Office

During 2019, we have completed the adoption of Office 365 solutions, with the implementation of the Teams solution, which enables to provide all employees with tools that facilitate the collaborative work of multidisciplinary teams located in different locations, in addition to training workshops and mentoring. We have also fostered the use of Robot Process Automation (RPA) tools for the automation of repetitive low-value tasks, and we have started to develop in Spain the first MVPs (Minimum Viable Product) following the Digital acceleration methodology of the EDP Group, at the same time that the project development activities using Agile methodology have continued.

As regards Distributed Generation, new digital solutions have been developed for the launch of EDP Solar's new activity. In the retail sphere, the product and service portfolio offered to B2C customers has been reinforced, and new digital solutions to support the different commercial alliances have been developed. Furthermore, the completion of the first stage of the Reconquest programme has allowed to provide large accounts and companies sales forces with new tools for the automation of the offer process. As for the Grids, we should highlight the development and launch of new mobility solutions for the work field brigades, while in the generation area, the development of digital solutions for improving efficiency has been initiated.

On a global level, the plan for the rationalisation of IT resources has continued, with the discontinuation of several applications and the subsequent efficiency improvement. As for the protection of privacy and personal data, EDP has carried on its effort already initiated in previous years, adding new controls and improvements to applications in order to guarantee privacy and personal data protection to customers and the rest of employees.

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03

03 PERFORMANCE

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03

PERFORMANCE

3.1 ENVIRONMENT

The Sustainability Plan 2020-2022 includes specific goals related to:




	Spain			EDP		
	2020	2022	2030	2020	2022	2030
Increase the installed renewable capacity	13 %	13 %	13 %	> 75 %	78 %	85 %
Increase the renewable generation			10 %			90 %
Reduce specific CO₂ emissions⁽⁴⁾	30 %	30 %	45 %	70 %	65 %	90 %
Increase the installed solar capacity		0.2 GW	1.1 GW		1 GW	4 GW ⁽¹⁾
Charging points for electric vehicles	12,155 ⁽²⁾	30,000 ⁽²⁾	30,000 ⁽³⁾		100,000 ⁽²⁾	100,000 ⁽³⁾

(1) 3 GW of centralised solar capacity and 1 GW of decentralised solar capacity on customers (2) Customers with mobility solutions (3) Charging points for electric vehicles including those belonging to EDP (4) With respect to 2005

	Spain			EDP		
	2020	2022	2030	2020	2022	2030
EDP's electric light fleet	20 %	30 %	100 %		30 %	100 %
Customers with value-added services(1)		30 %	50 %		30 %	50 %
Carbon neutrality in administrative buildings	100 %	100 %			100 %	
Implement climate change adaptation plans		100 %			100 %	
Internalise the TCFD recommendations	100 %	100 %			100 %	

(1) In the free market

- Develop the circular economy strategy
- Biodiversity: Natural Capital



	Spain		EDP	
	2020	2022	2020	2022
Circular economy	1 st stage (1)	2 nd stage (2)	1 st stage	
Average rate of waste recovery		75 %		75 %
Eliminate single-use plastics		100 %		100 %
Put an end to accidents and environmental sanctions		0		0

(1) Develop the strategy (2) Implemented strategy

3.1.1 CLIMATE CHANGE - COP25

From 3 to 12 December, Madrid hosted, under the motto 'Time for Action', the COP25, Climate Change Conference, which gathers representatives from almost every country in the world and whose challenges are: making progress in the rules of the Paris Agreement, which becomes effective in 2020, and increasing the countries' ambition to achieve larger emission reduction commitments (Nationally Determined Contributions or NDCs).



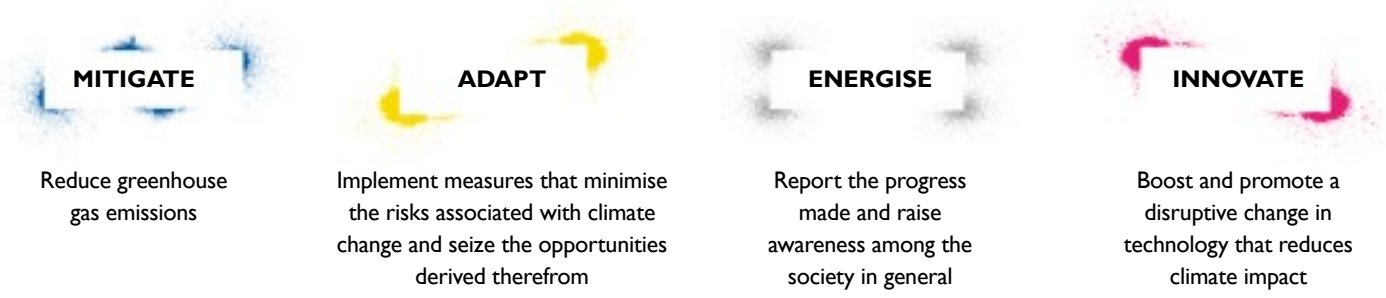
The big novelty of the Paris Agreement is that the goal to reduce CO2 emissions is no longer an exclusive responsibility of countries, but all actions help the cause, including contributions made by institutions, the private sector or even the civil society.

EDP wishes to increase its ambition and become part of this commitment and thus, last September, in the Climate Week NYC, it signed its adhesion to the 'Business Ambition for 1.5 °C'. The goal of this Agreement is to maintain the average global temperature increase below 1.5 °C with respect to pre-industrial levels and to reach a net zero emissions by 2050.

BUSINESS AMBITION FOR 1.5°C OUR ONLY FUTURE

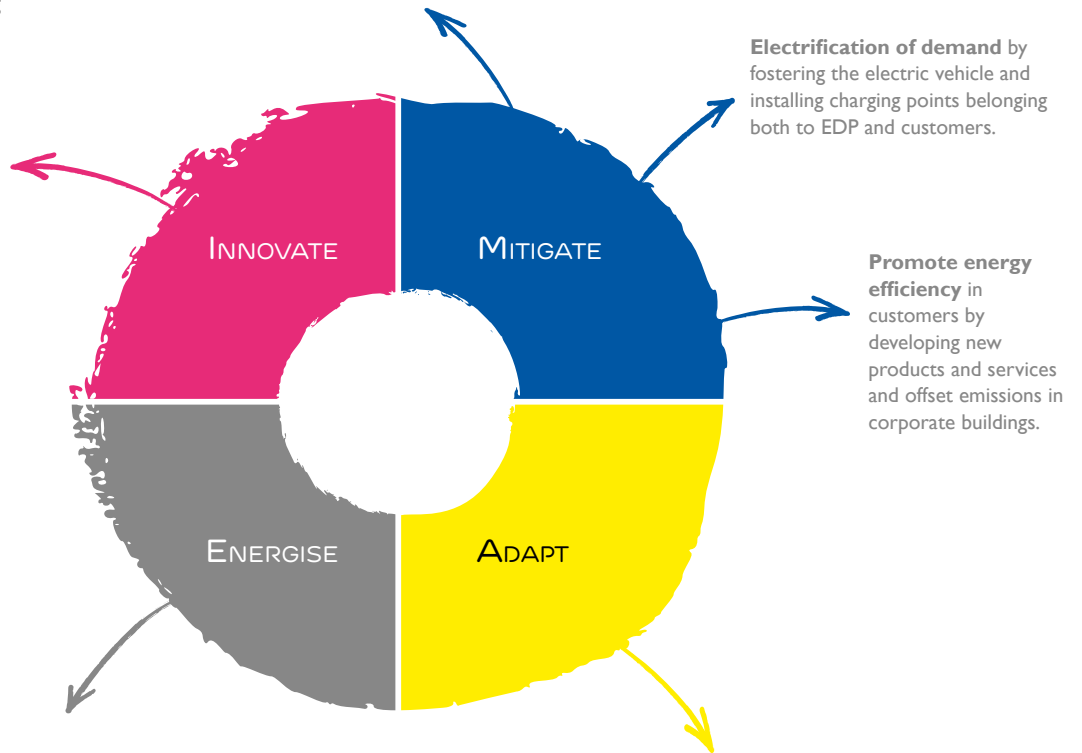
For this purpose, EDP has approved Ambition 2030: 'To grow contributing to the decarbonisation of the economy' and it has defined two lines of action: decarbonising generation and electrifying consumption. By 2030, 90% of the Group's generation must be renewable.

In EDP, the strategic framework to tackle the fight against Climate Change is structured according to the following areas for action:



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

Increase renewable energy generation (wind, centralised solar and distributed solar) and progressively close coal plants. Through its collaboration in Climate Projects, EDP aims to contribute to the decarbonisation of diffuse sectors.



EDP España has prepared the Report on Risks and Opportunities related to Climate Change in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) issued at the request of the G20 and supported by the European Commission, in order to facilitate a more informed decision-making process for investments, credits and insurance.

Plus, EDP collaborates with the United Nations Global Compact initiative in order that its corporate management (Ambition 2030) is in line with the Sustainable Development Goals (SDGs).

EDP España has prepared in 2019 an Adaptation Plan 2020-2022 which includes the actions that must be carried out according to the geographical locations and the lines of business that could be most affected by climate change.

EDP in the COP25

The COP25 was held this year in Madrid from 2 to 15 December 2019, under Chile’s presidency and with Spain’s organisational and logistic support.

EDP has participated in more than 20 events, in which it has spread the company’s stance.

The summit concluded with the adoption of an agreement named ‘Chile-Madrid Time for Action’, which lays the foundations for countries to present, in 2020, their most ambitious emission reduction commitments. The agreement states the ‘urgent need’ for these countries’ new commitments to bridge the gap existing between the current ones and the Paris goal to avoid a temperature increase over 1.5 degrees, in accordance with what science says and what young people demand on the street.



EDP has actively participated in the organisation of two own events about Innovation and Climate Change with the participation of start-ups with which EDP is collaborating, as well as an event aimed at the youngest about environmental awareness and renewable energy sources, based on the school programme ‘Viva Nuestra Energía’ that is being developed at schools.

Results of the international negotiations in the COP

**Flexibility mechanisms
(art. 6 Paris Agreement)**

After intense negotiations, no agreement was reached. Countries were urged to work in the next COP on the design of market mechanisms that will avoid double accounting, contribute to the Paris Agreement ambition and guarantee the environmental integrity of the system. The representatives of companies expressed their discontent about the lack of agreement on this matter, which they deem fundamental in order to raise their ambition.

**Warsaw international
mechanism for loss and
damage**

It has been agreed to instruct the Green Climate Fund to extend its funding and to allocate, for the first time, resources for the loss and damage sustained by the most vulnerable countries affected by the impacts of extreme climatic events. Furthermore, it has been created the Santiago Network, which will allow to provide technical assistance from organisations and experts to vulnerable countries in order to improve their ability to respond. This was one of the matters most demanded by small insular States that suffer more directly the most severe impacts of climate change.

Land use and oceans

The decision of the COP ‘Chile-Madrid Time for Action’ has finally included a reference to two recent IPCC reports on land use and oceans. The text also underlines the role of nature-based solutions to help attaining the 1.5 °C goal and the need to address the loss of biodiversity and the fight against climate change from a comprehensive approach.

Relevant climate action announcements made in the COP25

- The EU presented its Green New Deal, which, among other measures, includes the commitment to climate neutrality by 2050 (approved by all the member States, except for Poland, which has asked for an extension until June to analyse how it can commit to it) and the conversion of the European Investment Bank into a 'Climate Bank', which will allow to unblock an investment of one billion euros over the next decade. The EIB has announced that it will stop funding projects related to fossil fuel energies by 2021.
- The Coalition of Finance Ministers for Climate Action, comprised by 51 countries, including Spain, has signed the Santiago Action Plan, by virtue of which they commit to introduce climate change in their economic and financial policies aimed at a low or zero emission increase.
- Commitments reached to obtain carbon neutrality by 2050:

177 MULTINATIONALS

398 LARGE CITIES

73 STATES, INCLUDING SPAIN

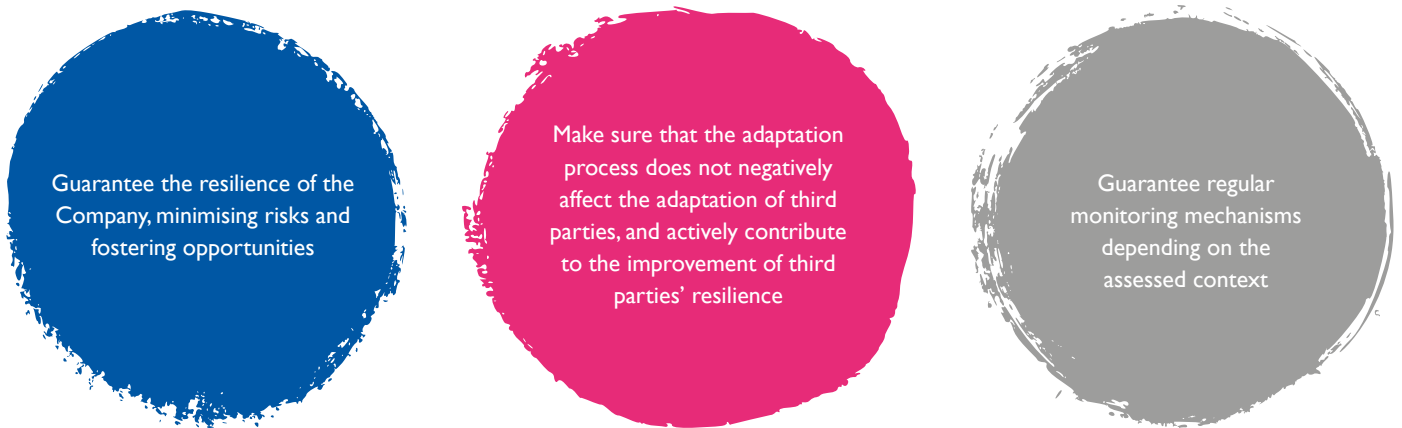


3.1.2 CLIMATE CHANGE ADAPTATION PLAN

The climate change effects are clearly perceptible and their impacts will keep growing over the next years, given the scarce progress made in mitigation programmes on a global level. Therefore, it is essential to initiate actions aimed at reducing the negative consequences thereof. Although it is true that, even though climatic risks are established in the medium/long term, the long execution periods of the adaptation measures require us to initiate them in the short term.

EDP has carried out a diagnosis of its adaptation needs, which has established which geographical locations and which lines of business could be most affected by climate change. Subsequently, it has prepared an Adaptation Plan 2020-2022 which includes the actions that should be undertaken in such period.

The main Goals of the plan are the following:



Likewise, the basic principles on which this plan has been prepared are flexibility, transparency and integration.

The first action plan is comprised by 21 multiannual initiatives, most of which span the life of the plan and will continue being executed afterwards, once the temporary scope of this first plan has concluded.



3.1.3 DECENTRALISED SOLAR ENERGY

Year 2019 has been marked by the incorporation in Spain of EDP Solar, a new company within the EDP Group that is intended to reinforce the multinational's strong commitment to renewable energies and that is in the vanguard of the sector. EDP Solar was born at the end of 2019 with the ambition to lead the residential market of distributed generation in Spain, standing by all our current and prospective customers in the energy transition to a more efficient electricity consumption model based on an inexhaustible energy source such as the sun.

EDP was a pioneer in Spain in starting to pay its solar installation customers the surpluses resulted from the energy generated in their homes, offering them from the first day an additional saving for the energy they supply to the grid.



The important legislative changes occurred in Spain in 2019 under the guidelines established by the European Union had a relevant milestone when Royal Decree 244/2019 regulating the self-consumption conditions was passed in April, which, together with the repeal of the so-called 'sun-tax', opened the Spanish market to a new energy context, providing at the same time certainty and security to all users. EDP has always been in the vanguard of the sector and, true to its commitment to offer innovative solutions for its customers, it started since then developing and retailing different energy solution packages based on photovoltaic installations for residential use throughout the Spanish territory adapted to the needs of each customer.

True to its goal to achieve the highest user satisfaction and experience possible, EDP Solar has been able in a short lapse of time to combine in its offer state-of-the-art technology, the best advice to customers (through the management of administrative procedures, permits and licences, together with the identification and help in the management of potential subventions) and different personalised financing options, comprising a distinguishing comprehensive turnkey solution that is very competitive within the sector.

At the same time and, in the understanding that the first step to have a solar installation at home begins by information and personalised advice, EDP developed and launched into the market its solar calculator (<https://www.edpenergia.es/solar/es/calculadora/>), by means of which users can simulate the best possible performance scenario for their home and obtain personalised information.

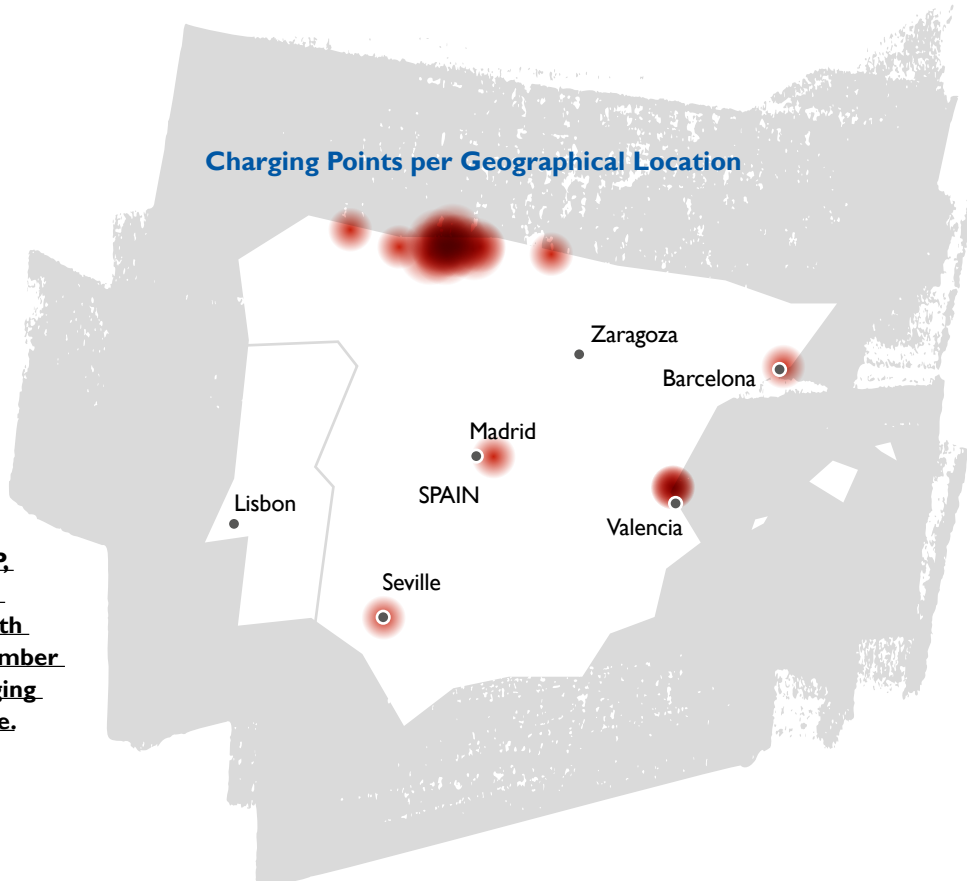
Likewise, at the end of 2019 and after the National Commission on Markets and Competition (CNMC) published the communication protocols required for electricity distribution and retail companies to make calculations of surpluses, EDP was pioneer in Spain in starting to pay their solar installation customers these surpluses resulted from the energy generated in their homes, offering them from the first day an additional saving for the energy they supply to the grid.

Without a doubt, 2019 has been a year of very intense work and major challenges for EDP regarding self-consumption and distributed generation, on which we must keep working towards our firm goal to go beyond 4 million decentralised photovoltaic solar panels installed globally, as a target of the EDP Group by 2030.

3.1.4 SUSTAINABLE MOBILITY

The transport sector currently represents around a third of the global final energy consumption, and 90% of the energy used in this sector comes from fossil fuels. The decarbonisation of this sector will imply a strong electrification thereof, which will involve a great opportunity for electric mobility, which is one of EDP's priorities for the most immediate future.

One of the main obstacles electric mobility faces is the installation of a public charging infrastructure in which electric vehicle users can charge their cars outside their homes or offices. In this sense, EDP carries on with the commitment it has already initiated, and it has already gone beyond 100 charging points available to the public. Most of them are in Asturias, where EDP is clearly the most relevant actor, although the charging network has been already extended to other regions such as Cantabria, the Basque Country and the Valencian Community, and there are plans to extend the network to Castilla y León, Murcia, Galicia and Andalusia.



Thanks to EDP, Asturias is the community with the highest number of public charging points available.



The strategy followed by EDP is to provide electric vehicle users with a charging infrastructure available both in urban areas and in the main dual carriageways and highways, which supplement the charging carried out by the user at home, which will certainly be the main charging method.

The charging points in Asturias are located in areas of interest, fulfilling the goal to cover the entire territory:



This public infrastructure can be accessed by any electric vehicle user using the **EDP MoveOn** application. The application allows customers to locate charging points, view their availability and characteristics, start and stop the charging and pay, immediately receiving afterwards in their electronic mail the bill associated with the charging.

In 2019, more than 200 MWh of electricity have been consumed through the charging points of the de EDP MoveOn network, equivalent to around 1.33 million km. This figure has multiplied by 6 last year's consumption, with a clearly upward trend month by month.

Plus, EDP MoveOn will be used in 2020 as a platform to facilitate interoperability with other operators. Interoperability consists in opening EDP's charging network to other applications' users (who would view EDP's points on those other apps) and also adding to EDP MoveOn charging points from other operators, which could be then used by its users.

EDP is resolutely committed to interoperability and is working on direct integration (peer-to-peer) with other operators, which is expected to be available throughout 2020.

As for the so-called private charging, which is the one that takes place at home and at the workplace, EDP has opted for a subscription service model:

- For household customers, this model consists in the payment of a monthly rate, which will cover all the charging needs of the customer both at home (including the installation of a charging point with power balancing) and on public roads through the EDP MoveOn network. Additionally, the subscription will include a series of services that add value to the offer. This product, which is currently being developed and will launch in 2020, will be equipped with a web configurator in which the customer may customise the product and adapt it to his/her needs.
- For B2B customers, EDP has also opted for a subscription as-a-service model, which may be personalised according to the customer's needs. Just like in B2C, this product is currently being developed and will start to be offered in 2020. The offer includes the installation of charging points with connectivity and the option of letting EDP in charge of the full commercial cycle with the end customer.

Finally, it should be noted that in a changing sector as appealing as the mobility one, the appearance of new actors wishing to participate will be unavoidable. This may involve a risk, but also an opportunity, and establishing strategic alliances with some of those actors such as car brands, dealers, real estate agents, etc. is another strategic point on which EDP is currently working.



3.1.5 CIRCULAR ECONOMY

Maximise the performance of the available resources: More with less

One of the basic foundations of Corporate Social Responsibility on which EDP España’s Sustainability plan for 2020-2022 has been defined is the Environment. Under this principle, two strategies that allow framing all the environmental actions of the Group have been outlined: Climate Change Strategy and Circular Economy Strategy.

EDP España’s Circular Economy Strategy has been born in a context marked by the digital revolution, which provides us the opportunity to finally uncouple production and generation of waste, something that had not been achieved in the previous industrial periods, all of which were based on a linear economic model consisting in extract-produce-use and dispose.

Under this circular economy concept, whose main idea is ‘to achieve more with less’, EDP groups all the processes and technical solutions that allow it to optimise the consumption and the use of resources and equipment required to offer its products and services, minimising the loss of materials and energy.

This way, 5 lines of action have been defined into which the initiatives to implement the circular economy strategy in the different business areas can be classified:



Since the European Commission published, by the end of 2015, its Circular Economy Strategy, EDP España has worked on this matter, with the following milestones:



In 2019 and on the occasion of the creation of the international circular economy technical committee, which will set out the requirements, framework, guidelines and tools to implement circular economy projects, applicable to all kind of organisations and any activity in Spain, in the framework of the UNE (Spanish Standardisation Association), it has been created the Circular Economy Advisory Committee, a dialogue platform comprised by more than 40 entities (including Spanish associations, ministries, etc.), which will define the Spanish stance in technical and strategic standardisation matters in the scope of Circular Economy.

The Technical Standardisation Committee regarding Circular Economy, dependent of the abovementioned Committee, has been created to channel the Spanish stance in the drafting of the European and international rules. EDP España is a member of this Committee in order to adapt its environmental strategy to the new requirements.

3.1.6 PROTECTION OF BIODIVERSITY

The main impacts on Biodiversity associated with EDP España's activity derive from the electricity distribution business; on the one hand, the electrocution and collision of avifauna against overhead lines and, on the other hand, the maintenance works in the trails through which lines run, which require to prune and fell the trees that grow beneath them.

As regards the protection of avifauna, in 2008, it was published the Royal Decree setting out that overhead power lines must be adapted to reduce their impact by electrocution (RD 1432/2008). This compelled each Autonomous Region to publish the avifauna Protection Areas and, subsequently, the Inventory of power lines that should be adapted to minimise their impact thereon. Based on these guidelines, EDP is analysing, both in Asturias and in Aragón, the different options for modifying its power lines, even though in these autonomous regions the Inventories of affected lines had not been yet published in 2019.

With a view to improving the response of the field staff in the lines in Aragón, and following a LEAN initiative developed in 2018 in Asturias, files on birds and trees protected in that autonomous region have been prepared in 2019 in order to facilitate the identification of species, the adoption of the corresponding preventive and corrective measures, if necessary, and the communication with the competent body in this matter.

With respect to the pruning and felling of trees in the maintenance works on the power line trails, EDP España continues carrying out every year and voluntarily an external environmental monitoring programme in critical stretches, both in the previous stage to the pruning works and after it. The result of these control and monitoring activities is that there have been no incidents in 2019.

Another important initiative developed in 2019 is the creation of the Natural Capital Work Group in the energy sector. This forum, in which EDP España has an active role, was created for the purposes of identifying, measuring and assessing the impacts of the different energy sector activities on nature, as well as their businesses' dependence on natural assets. The result of this work, based on the application of the Natural Capital Protocol, will be a methodological Guide that will be published in 2020.



3.2 CONSUMER AFFAIRS

The Sustainability Plan 2020-2022 includes specific goals related to:

- Sustainable consumption: product transparency initiatives so customers can ground their purchase decision; promotion of sustainable consumption in EDP events
- Information security and privacy: initiatives to guarantee the appropriate design of products and services, pursuant to the Data Protection Law



	Spain		EDP	
	2020	2022	2020	2022
Increase customers' energy efficiency	0.3 TWh	0.7TWh	1 TWh	5 TWh
Improve the customer satisfaction index	> 80 %	> 80 %	> 80 %	> 75 %

3.2.1 CUSTOMER CARE

In order to offer better customer care, EDP España has modified the commercial brand of the electricity distribution company and the benchmark retailer. This modification is in compliance with the obligation imposed by the National Commission on Markets and Competition (CNMC) aimed at enabling customers to unequivocally identify both their distribution company and their retailer.

EDP has been recognised, for the third year in a row, as the company that offers best face-to-face customer care.

Thus, EDP España's electricity distribution company has changed its brand to E-REDES Distribución Eléctrica and the benchmark retailer has become BASER COR.

Along with the brand change, the company has also adapted the used communication channels (exchange portal, documentary repository, website...), the corresponding domains and URLs and its work tools, such as vehicles and clothing (if any).

EDP has been awarded, for the third year in a row, for being the company that offers best face-to-face customer care. The Spanish Association of Customer Relationship Experts (AEERC) has recognised it in the 'Premios Excelencia Relación con Clientes', Spain's most prestigious prizes in the sector, which grant the excellent customer care seal.

The fact that a company obtains the same recognition three times in a row in these awards – formerly known as 'Premios CRC Oro' – is to be noted. Plus, the importance of this award lies in the participation of companies from different sectors that compete under the same conditions, which reinforces even more EDP's policy on customer relationships.

Companies face a thorough audit process and, at the same time, they are reviewed by their customers, with AEERC's continuous supervision during the whole process and the support of the conducted audits.

The queue management system implemented at EDP's commercial offices has also obtained an award. In this case, it has been recognised in the 'V edición de los Premios de la Era Digital', organised by the Computing publication. The system, named 'maitre', has received the award for best Innovation project regarding Customer Experience in an event held in Madrid, which was attended by more than 400 professionals of the Information Technologies sector.

The 'maitre' system allows to avoid the use of traditional tickets and acoustic signals, since an agent proactively approaches the customer upon his/her arrival at the office. Such agent records the procedure information and a description of the customer. This information is shared with the remaining agents so they can surprise the customer in the waiting room, addressing him/her by his/her name and accompanying him/her to the customer care stations. EDP has 14 offices in Spain.

New commercial website

In December, it was launched the new commercial website with a revamped design for a more intuitive, practical and accessible browsing for users. Access is oriented to the most useful and demanded sections such as contracting, access to the customer area and personalised offers.

The contracting and personalised offer search services may be performed in barely a couple of minutes, allowing the user to save time and enjoy an improved customer experience.

The new platform includes novelties focused on saving, such as calculating how much a customer could save by using solar energy, or the application 'fotofactura', which allows to estimate how much a customer would save in EDP with a simple gesture such as sending a picture of his/her bill. Likewise, it is possible to digitally view all the previous bills on this web service, something which contributes to paper saving. The option to directly download them to a mobile phone by QR code reading is also available.

Furthermore, the organisation of the different sections is more dynamic, being adapted to the latest web designs. We should highlight the game and draw section, in which the user will discover different products and experiences.

The mobile version of this new commercial website features the same changes and improvements. This way, EDP presents a revitalised tool completely aimed at improving the user browsing experience and offering the best service and customer care.

3.2.2 VULNERABLE CUSTOMER SUPPORT

In 2019, the Spanish National Strategy against Energy Poverty 2019-2024 has been published, which has represented a milestone to address the Sustainable Development Goal SDG 7 'Affordable and clean energy'. The Strategy envisages a diagnosis of the situation in our country and establishes the first official definition of energy poverty and the reduction targets by 2025: at least 25%, with the goal of reaching a 50% reduction. It establishes four indicators of the energy poverty situation and this mentioned document estimates that between 3.5 and 8 million people are in a situation of energy poverty. The strategy sets out 4 lines of action with 19 specific actions. Among them, the creation of a new universal social energy bonus – for all supplies – automatically granted. It also prohibits to cut the supply in extreme weather conditions and it extends in four months the period before the supply company interrupts the service due to non-payment.



EDP España has participated in the event 'Social Innovation for the compliance with SDG 17: Partnerships for the Goal against Energy Poverty and Climate Change', in the COP25 with ECODES. In this event, it has been highlighted the importance of energy being not only renewable, but also affordable and accessible; that is, clean energy available for all consumers, also including those in a vulnerable situation.

EDP, through its Foundation, has been working on the 'Energy Solidarity' project for years, to which it has allocated more than €141,000 in 2019. Employees voluntarily collaborate by giving energy advice to vulnerable families which have been previously selected by different NGOs. The goal of this initiative is to increase the safety, the well-being and the energy efficiency of the most underprivileged families.

Likewise, EDP participates in other initiatives to fight energy poverty, such as the Universidad Pontificia de Comillas Chair for Energy and Poverty, which has contributed the results of its works to the Spanish National Strategy against Energy Poverty.



3.2.3 SMART GRIDS

E-REDES currently performs its electricity distribution activity in six Spanish provinces: Asturias (which represents 95% of its supply), Madrid, Huesca, Zaragoza, Valencia and Alicante. In total, it is present in 90 different municipalities.

The TIEPI (Equivalent Interruption Time) in year 2019 has been 26 minutes, while the NIEPI (Equivalent Interruption Number) has been 0.4, which are very relevant figures that indicate the high level of quality of the supply.

Faced with the different storms suffered in 2019, both wind and snow, the quality of the E-REDES service was not significantly affected thanks to all the preventive measures implemented. This is resulted from the effort made by the Distribution team, which included more than 100 persons for each event, between its own staff and workers from partner companies.

The works were started before the storms took place. By way of example, in view of the snow forecast, the company installed generators in strategic areas to face potential incidents in the grid. The supporting teams of partner companies and the Customer Care Centre were also reinforced.

Likewise, the company was in constant contact with the Emergency Public Services and the competent bodies.

The improvement in the service quality has been completed with new investments amounting to 37 million euros, progressing towards the total digitisation of the grid.

The renovations in the 132kV and 50kV park and the control systems of the Pumarín Substation (Gijón), as well as the improvement in the 132kV positions and the control systems of the Soto Substation (Ribera de Arriba), should be highlighted.

Likewise, we should mention the commissioning of two new Medium-Voltage substations, in Avilés and Camporriondi (Amieva), which translates into a more reliable grid in the urban area of Avilés and an improvement in the supply quality in the councils of Amieva and Ponga.



The improvement in the Medium-Voltage Substation in Camporriondi, very close to the Picos de Europa mountain range, stands out for its total integration into the landscape, achieved through a building work that has met strict environmental conditions.

In the province of Huesca, the new Substation in Puebla de Isábena has been commissioned, which has involved an investment of almost one million euros and which will contribute to the continuity and the supply quality in that area.

As regards digitisation, the EDP Group’s electricity distribution business in Spain remains firmly committed to innovation projects through InovGrid, which, during 2019, integrated the business cycle and service orders into its department to efficiently adapt to the new business processes and to the change in field operations derived from tele-management, automation and remote execution of many traditional tasks.

The company has continued progressing with projects such as Flash BT and Alerta, which are already adding value to the operation and exploitation of the grid in real time, and, at the same time, it has initiated new projects such as the Marte grid or the SNMP¹ Prime Monitoring, focused on the analysis and use of the new generated information for the purposes of grid management, fraud detection or equipment maintenance.

With respect to the E-REDES web portal, new functionalities have been added in year 2019, which add high value for the end customer, such as online management of self-consumption, incorporation of type-4 supplies in the consultation area ‘Mis Consumos’ or calculation of the cost of power modifications in the contracting simulator.

3.2.4 ENERGY EFFICIENCY

During year 2019, the Energy Services area continued strengthening its activity by assuming new projects and services for its B2B customers.

In 2019, significant sales values were reached, among which we should highlight two sales through the service model of the Exide solar project and the Solvay compressed air supply project.

In 2019, the company also implemented important reporting projects and put into operation the Salesforces platform, which will allow us to perform our work in a more productive way. In digitisation, we also progressed thanks to the implementation of new improvements in the Save to Compete 2.0 platform to cater for the SME market, increasing our potential to generate solar offers focused on the new self-consumption regulation and launching lighting offers with high-efficiency equipment, thus adding more value to the technical commercial process of making offers.

It should be also emphasised that, during 2019 alone, photovoltaic self-consumption contracts have been signed for a total power of 7 MWp.

The savings derived from the Energy Efficiency Services area’s activity in Spain are estimated in approximately 12.2 GWh/year, being focused on three models:



¹SNMP, Simple Network Management Protocol

3.3 DEVELOPMENT OF THE COMMUNITY

The Sustainability Plan 2020-2022 includes specific goals related to:

- Energy poverty
- Creation of wealth in the local community: Just Transition Plan

	Spain		EDP	
	2020	2022	2020	2022
Investment in the local community		€2.9 M		€200 M
Investment in innovation	€5 M	€55 M	€200 M	

3.3.1 JUST TRANSITION

Building a climate neutral economy in the second half of this century, as envisaged by the Paris Agreement, will require important technological, social and economic transformations. We must make sure that such a transformation is carried out in the framework of a just transition, in which employment is green, just, decent and inclusive, and which leads to climate neutrality, the eradication of poverty and the prosperity and resilience of communities.

With the aim of maximising the benefits of the ecological transition for the economy and minimising the negative impacts on the business, the workers and their communities, the International Labour Organisation (ILO) has proposed a labour framework which, under the Just Transition concept, was agreed in the 102nd International Labour Conference in 2013 by governments, employers and trade unions on a global level. In this conference, a resolution and a series of conclusions about sustainable development, decent work and green jobs were adopted, recognising its challenges and opportunities, and specific policies to guide the change through the so-called **'Just Transition'** were proposed.

Subsequently, in 2015, the ILO adopted the Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies. These Guidelines are aimed at guiding the action of social agents, including specific proposals to implement and monitor a framework of national policies.

In the COP21, it was established that the implementation of the Paris Agreement must take into account the needs for a just transition which climate policies will involve for the labour world. In the Katowice Climate Change summit in 2018, the topic was considered one of the priority matters in the government agenda, and the declaration named 'Solidarity and Just Transition Silesia Declaration' was presented for the purpose of promoting social and labour aspects connected with the decarbonisation of economies, which was also signed by the Spanish Government.

Building a climate-neutral economy in the second half of this century, as envisaged by the Paris Agreement, will require significant technological, social and economic transformations.

In order to progress along this line on a national level, the ILO and the Spanish Government have signed a strategic partnership agreement to implement the Guidelines for a Just Transition as a guiding framework and practical action tool. In 2019, it was drafted the Just Transition Strategy (pending approval), which is a proposal based on the internationally approved framework to accompany the ecological transition in Spain.

The invitation to act towards a just transition is extended to companies, in order that the jobs of the decarbonised economy are in compliance with decent labour conditions. In this sense, the Ministry for Ecological Transition (MITECO) and the Spanish Association of Business Organisations (CEOE) have undertaken to jointly work on the initiative named **‘Progressing in a just transition and in the creation of green jobs for all’**.

EDP has adhered to the commitment to observe these rights for its employees.

In accordance with the commitments adopted, EDP España is applying the ‘creating shared value’ theory proposed by Porter and Kramer in 2011, as a way of acting that seeks to increase the company’s competitiveness, while it simultaneously improves the social and economic conditions of the communities in which it operates.

The company already approved in April 2014 its Policy on Relationships with stakeholders, which aims to build and strengthen relationships of trust, share relevant knowledge and information, get ahead of challenges and identify new cooperation opportunities in the face of the challenges the EDP group deals with in all the geographical areas in which it operates.

During year 2019, we have worked with the different groups of stakeholders: suppliers, employees, local community and City Councils, as it is further explained in specific chapters of this report.



3.3.2 ACTION PLAN FOR LOCAL COMMUNITIES

Local Communities are a priority stakeholder group for EDP España, for which it approved in November 2017 an Action Plan that has been developed throughout 2018 and 2019, which has allowed us to progress and to strengthen our stakeholder management model, helping us to forge a closer relationship between EDP and the local communities near the generation centres.

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

This Action Plan for Local Communities, carried out in the surroundings of the Generation installations, addresses 11 initiatives related to the relevant matters gathered from the external vision:



In addition to the actions aimed at fostering employment or the consolidation thereof, EDP's Action Plan for Local Communities also addresses other global questions such as environment, commitment to the community or participation and dialogue through specific initiatives, to which matters such as social depopulation, regeneration and reconversion and business projects will be added in the upcoming years.

The Action Plan for Local Communities is included in EDP España's Social Investment Plan, the strategy of which is in line with the Agenda 2030, a global action plan led by the UN that pursues equality and social inclusion, the protection of the environment and economic growth and development.

JOB CREATION

It remains the community's main concern. During 2019, we kept working on the already implemented initiatives, to which others such as the ENTAMA programme have been added.

With the aim of improving the employability of the young people living in the areas of influence, the company has opted for Dual Vocational Training. Thus, it has formalised agreements with several training centres, and 37 students have already taken paid internships at EDP's work centres in Asturias. Likewise, over the last year, the energy company has added over 50 local businesses to its list of suppliers, with which it aims to contribute also to the growth of the local economy. It has also supported the tourism development of the areas in which its work centres are located, promoting their resources through videos and brochures or in national conferences.

Entama, EDP's commitment to entrepreneurship

Entama is the newest of the initiatives related to job creation included in EDP's Action Plan for Local Communities.

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

In total, 9 out of the 30 projects presented were selected, which EDP will support, not only financially, but also by giving advice and information to the entrepreneurs, who will have the possibility to extend this collaboration in 2021 depending on the development reached by their projects. These initiatives generate 19 jobs in a direct and immediate way.

On 4 December 2019, EDP organised an event in which the selected entrepreneurs briefly publicised their projects, which was attended by mayors and other municipal representatives and the media, who spread such projects.



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

85,000
euros

9
Projects

Among the selected projects, there is an application for the sale of cattle which has been developed by the digital cattle dealer platform Vaca-Pop which, in addition to facilitate the sale of cattle, includes other functionalities regarding certifications and logistics.

It is not the only initiative related to new technologies. In Somiedo, thanks to the optical fibre connection, small technology businesses have emerged, such as Nomadish, an online tour operator, while Zapiens Technology will select one to six candidates through a digital transformation and computing business development training programme with the aim of consolidating its technological centre in the municipality, and the So-Miedo brand has been created to sell products of the area online.

Others have also opted for new ways of sustainable mobility, such as Esguil Smart, which has created the Smuber, a single-person electric vehicle featuring several functions and uses. The company Nazca Carbono has extended a repair shop for bicycles with carbon fibre components.

We are supporting the Moran Berries project, consisting in the agricultural production of blueberries and their online sale, both fresh and in jam.

These projects selected by EDP for this first year of Entama are completed with an architectural firm, as well as with the distribution and sale of local and made-on-site products in councils such as Sobrescobio, Carreño or Ribera de Arriba.



PARTICIPATION AND DIALOGUE

It is developed by establishing points of contact and direct communication channels with City Councils and communities in order to directly pass on the news considered to be of general interest for the community.

EDP, interested in promoting dialogue and participation with the local community, held several Awareness and Information Events on topics connected with EDP.

We should highlight the EDP Seminars that were organised in 2019 in the higher schools of engineering of the University of Oviedo.

ENVIRONMENT

Another main concern of the local community is the environment, for which the following initiatives have been developed:

The environmental agreements with the Kayak Oviedo and BTT Monte Areo associations are two of the projects aimed at promoting environmental actions with local agents. Together with Fapas, the canoeist club and EDP participate in the recovery of native species and the identification of invasive ones in the area of the Nalón river, while the company collaborates with the cycling sports association in the recovery of eco-systems in the area of the Areo mount, next to the Aboño plant, where a permanent circuit for cycling, hiking and running has been created.

For the purpose of raising the local community's environmental awareness, showcasing EDP's environmental management of the generation plants, in 2019, an open-day event was held in the Soto generation plant, in which technicians thereof offered guided tours and explained its history, its operation and our environmental commitment to all those present. These tours, which have been already attended by more than 1,000 guests, are accompanied by musical performances by local groups and tastings of products served by local suppliers, all of it being under the classification of sustainable event.

COMMITMENT TO THE LOCAL COMMUNITY

The company has continued its different collaborations with non-profit organisations related to local cultural aspects and social and environmental education of the local communities, thus developing a closer bond between EDP and the communities of the surroundings.

Furthermore, the persons that visit the plants are gifted products from local suppliers typical of the areas near the installations.

Bringing new technologies closer to the little ones is also included in the Action Plan. This way, more than 200 children aged between 10 and 12 have participated in the technology camps implemented during holiday periods, in which participants have been able to develop their programming or robotics skills.

3.3.3 STUDY ON THE LOCAL COMMUNITIES' PERCEPTION

In 2019, a second 'Study on the local communities' social perception' has been conducted, following the first one carried out in 2017. It aims to find out and assess concerns and the perception of EDP's responsibility and commitment to its surroundings, to specify EDP's involvement in these areas, to assess the initiatives already developed in previous years and, thus, to establish an action plan that addresses the main relevant aspects.

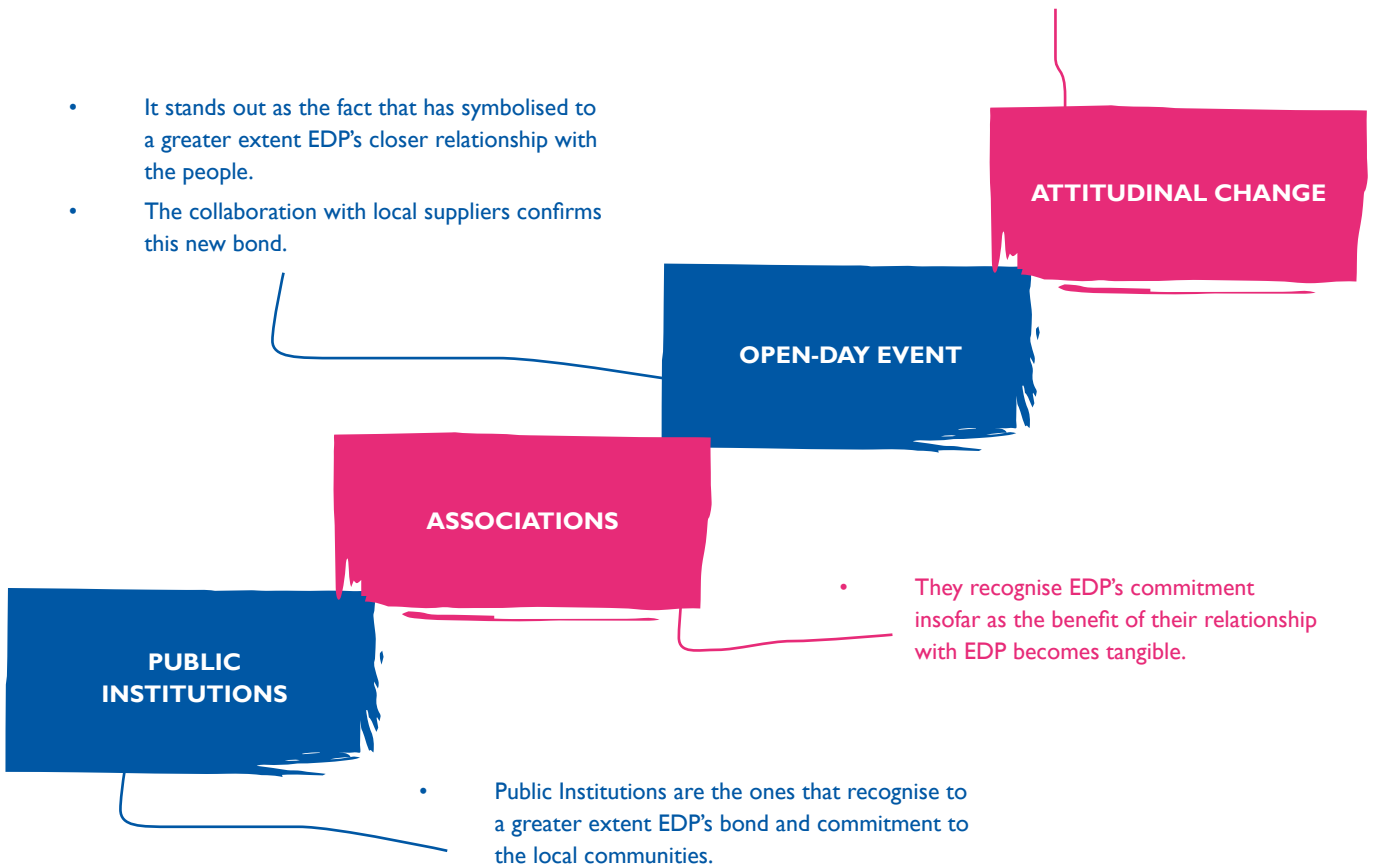
As a result of this analysis in 2019, we should highlight the positive recognition of EDP's progress regarding its commitment to local communities, both by public institutions and by different associations.

HOW EDP'S PROGRESS IS PERCEIVED?

Communicative, collaborative and proactive

- It stands out as the fact that has symbolised to a greater extent EDP's closer relationship with the people.
- The collaboration with local suppliers confirms this new bond.

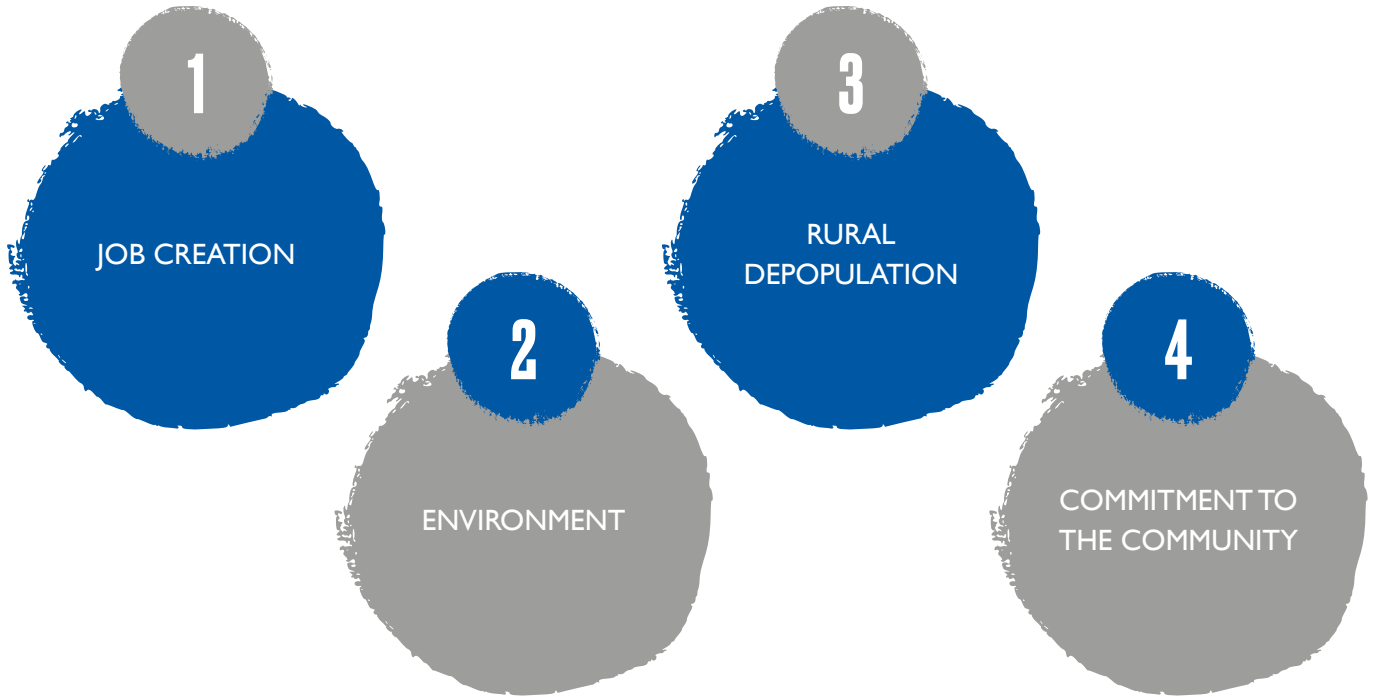
- It is confirmed an attitudinal change, a clear progress in EDP's relationship with the local communities



From the survey conducted in 2019, it is deduced that the concerns over employment and, to a lesser extent, the environment, remain matters to be taken into account, and that new topics have emerged as priority.

As a consequence of this new approach of the communities, the company is developing a new version of the Action Plan, which will maintain the already initiated actions and will reinforce EDP's commitment to local communities by including new initiatives.

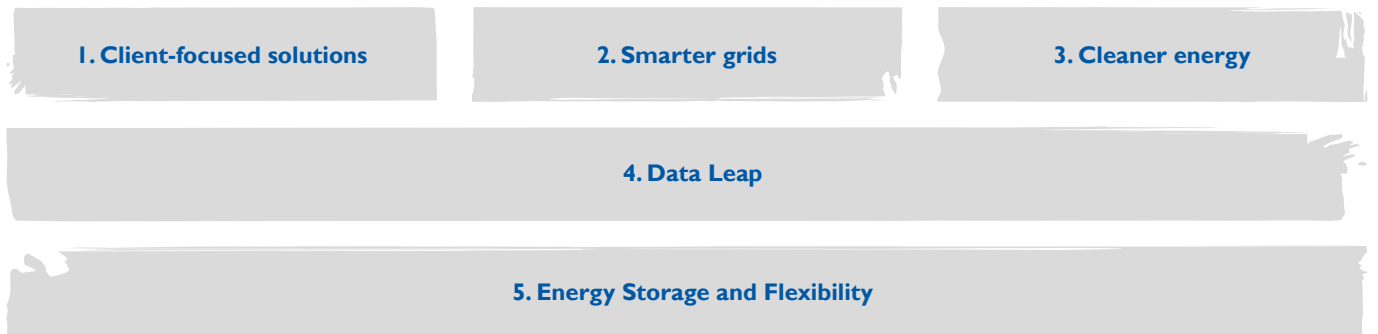
NEW RELEVANT MATTERS



3.3.4 INNOVATION

EDP España's R&D&I activities are structured through an Innovation strategy based on five technological lines that envisage: clean energy offer (cleaner energy), sustainable demand (client-focused solutions), technologies that allow bringing together supply and demand in time (energy storage) and space (smarter grids), and technologies that facilitate digitisation (data leap). Out of these, three are in line with the retail, distribution and generation businesses and the other two address cross-cutting aspects that are common to all businesses.

An Innovation Coordinator has been appointed for each of these lines, who works in close collaboration with the R&D department on the identification and development of innovation projects.

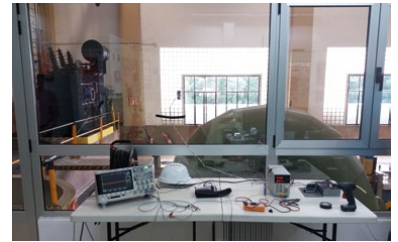


Development of innovative technologies

DotGIS, the start-up that won EDP's Seed Race programme in 2018, developed in 2019, together with EDP España, a pilot project that allows to identify, by using satellite images, the growth of vegetation that interferes with medium-voltage power lines. This way, the felling and pruning required in the overhead line areas may be preventively monitored, thus reducing the costs of these activities.



EDP España, along with the Asturian companies IA3 and ADN and the University of Oviedo, concluded in 2019 the CAPAE project on noise dynamic cancellation in the control room of the hydraulic plant in La Florida, attaining different attenuations depending on the frequency. The project received public funds from the Asturian Institute for Economic Development (IDEPA) (Proceedings IDE/2017/000136).



In 2019, EDP España hosted the European module of Starter Accelerator, the programme for the identification, selection and testing of the solutions proposed by start-ups in the energy industry which are in line with our five technological priorities. It is an international programme that, in 2019, has assessed almost 300 applicants and has selected 10 start-ups from Europe, 10 from Latin America and 10 from the USA, which must present their proposals in three modules that are held in Madrid, Sao Paulo and Houston.



Agreements on cooperation, funding and spreading of research



In 2019, EDP Ventures España has been incorporated, a company of the Group whose purpose is the participation in new Spanish innovative companies (start-ups) through investments in order to have a stakeholding in their share capital. On 14 November 2019, EDP Ventures España entered into a framework agreement with the Government of Asturias, through the Regional Promotion Society (SRP) and the European Business and Innovation Centre (EC BIC), to jointly invest in technological companies through co-investment instruments.



In the meeting in November 2019 of the Delegated Committee of COTEC España, a forum for the promotion of Innovation in the Spanish ecosystem, to which EDP España adhered in 2018, a work group for Innovation Metrics was created, which will be led by EDP España, with the aim of establishing a set of criteria that help Spanish companies to identify and measure in a reasonably thorough way their innovation efforts.



On 30 September 2019, it was held the foundational meeting of BatteryPlat, the Spanish Technological Platform for Energy Storage, which is chaired by EDP España. Companies, universities, technological centres and public administrations have joined to form this forum focused on collaboration and the promotion of the technological development of energy storage technologies in Spain.

3.4 HUMAN RIGHTS

The Sustainability Plan 2020-2022 includes specific goals related to:

- Initiatives related to the Law on Gender Equality and the Law on Non-Financial Information and Diversity



	Spain		EDP	
	2020	2022	2020	2022
Increase the women rate	26 %	30 %	15 %	30 %

3.4.1 HUMAN RIGHTS GOVERNANCE

EDP has been committed from 2017 to the Human Rights principles set in the Code of Ethics and to the implementation of the principles of the United Nations Human Rights Council.

In the sustainability assessment process carried out by RobecoSAM in 2019, EDP was classified as the best in class regarding human rights in the field of utilities.

For monitoring and reporting purposes, there is a Labour and Human Rights Monitoring Programme, effective since 2015, aimed at guaranteeing the observance of the aforementioned commitments, developing monitoring actions for all its Business Units and new projects or entrepreneurial initiatives, including mergers and acquisitions, as well as with regard to stakeholders and the value chain: suppliers, service providers, joint ventures, agents and customers.

In 2019, the EDP Group was recognised, for the eighth year in a row, as one of the most ethical companies in the world.

This monitoring process aims to check the actual practices and assess the level of compliance with the assumed principles and commitments, particularly by the groups identified as most vulnerable, in order to identify possible risks, develop the necessary measures to prevent and manage them and, if unavoidable, design the necessary mitigation initiatives or promote the remedy and redress thereof.

As regards EDP España, in 2019, there has not been any incident with respect to employees or the community. As for suppliers, 9 incidents have been recorded; and, in the case of customers, there have been 3 specific procedures regarding the data protection law and 61 undue power cuts due to incorrect procedures. In all these cases, EDP carries out an exhaustive monitoring in order to solve them in the fairest way possible and defines preventive measures to prevent them from happening again.

In this respect, the Suppliers' Code of Conduct, approved in May 2017, covers all the potential cases related to labour and human rights, guaranteeing that all their activities are carried out without using violence or abuse and rejecting any complicity in human rights violations. This Code must be accepted by all EDP's suppliers, taking as a reference the highest-standard principle.

3.4.2 DIVERSITY / EQUAL OPPORTUNITIES

The EDP Group, in its declaration of commitment to the Sustainable Development Goals, includes its support to SDG 5, Gender Equality, convinced of the driving role companies may play to achieve a fairer and more equal society.



EDP's Diversity target in 2019, following the target set in the previous year, has been to reach '30% of female recruitment in the selections for the upper segments or increase the latter by 10% with respect to year 2018'. The target, which was indeed achieved in 2018, could not be attained this year, reaching 21.4%.

EDP España's total staff is comprised by 26% of women, and the company is still working to increase that figure. Gender discrimination is envisaged in the Collective Bargaining Agreement and in the Code of Ethics, among other documents, including specific measures about effective equality, measures for family-personal-professional life balance, psychological, physical, sexual or gender-based harassment aspects, protective measures for gender violence victims or disabilities matters, being equal treatment and the removal of barriers the main milestones.

AEMENER, THE SPANISH ASSOCIATION OF WOMEN IN THE ENERGY SECTOR

EDP has signed an agreement with the Spanish Association of Women in the Energy Sector (AEMENER) for the promotion of women in the energy world. They collaborate in the development of activities and share information and knowledge on projects and initiatives. Furthermore, they promote the representation of both parties in activities and forums.

The agreement has been signed by the president of the Association, Carmen Becerril, and the Chief Executive Officer of EDP España, Rui Teixeira.

For EDP, this agreement strengthens the commitment it has assumed with regard to Sustainable Development Goal 5, Gender Equality and Women Empowering.



In May 2019, AEMENER held its Annual Meeting in the Higher Technical School of Mining and Energy Engineering in Madrid, after which there was a party. EDP contributed by sponsoring the music, which was in charge of the group LaBanda, comprised by employees of the company.

EDP has also participated in the 'II Women and Energy Conference' organised by AEMENER, as part of the activities of the COP25, with the intervention of Vera Pinto Pereira, Member of EDP's Executive Board of Directors. Among the messages of the event, we should emphasise the need for a culture of inclusion of both genders: it is not enough to include women, but we must also prepare men. Each decision has an impact on diversity, it is not only a matter of promotion. Personal-work life balance measures do not involve diversity: we must stop 'counting' people (diversity) to make sure instead that people 'count' (inclusion). We must stop managing out of 'sympathy' and start managing with 'empathy': assuming a responsibility role does not mean renouncing to your personality and representing the role 'you are expected'. Courage and bravery. Ambition and confidence. Assuming risks and challenges, passion, perseverance. There are slants on all levels, not only related to gender or senior talent, in our day-to-day activity: if we always read the same, listen to the same, talk to the same people... there is no diversity.

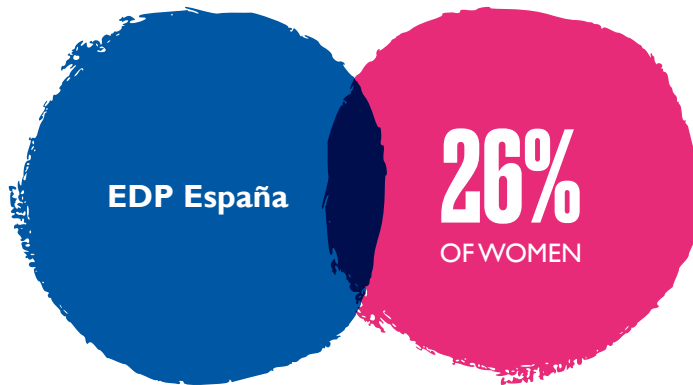


STEM TALENT GIRL

EDP has continued supporting STEM Talent girl. It is a mentoring project aimed at girls aged 13-14 with the goal of inspiring and encouraging them to undertake STEM careers, which are careers with a high employability potential with a view to the future, but in which women are clearly under-represented nowadays.

The programme is developed in Asturias with ASTI (Internal Transport Automatism and Systems), together with the ICT Centre (CTIC) as local partner, and with the support, among others, of the Principality of Asturias and the Asturian Association of Employers (FADE).

EDP has contributed, in addition to its financial support, 5 female mentors who work at EDP and have a STEM training.



3.5 LABOUR PRACTICES



The Sustainability Plan 2020-2022 includes specific goals related to:

	España		EDP	
	2020	2022	2020	2022
Eradicate fatal accidents ⁽¹⁾	≤ 2 ⁽²⁾	0	≤ 2 ⁽²⁾	0
Promote volunteering actions ⁽³⁾	16%/1550 h	20%/1800 h	€100 M	20%/20000 h
Employees' engagement level	≥ 75 %		≥ 75 %	

(1) Employees and suppliers (2) Frequency Index (3) % Participation & hours in 2022

3.5.1 EMPLOYMENT STABILITY

Year 2019 has been characterised by the implementation of the Labour Conditions set in the III Collective Bargaining Agreement of the Group, such as working hours, new remuneration concepts, etc., in compliance with the set goals, as well as by the creation and implementation of different applicable Labour Affairs Committees and Subcommittees.



Additionally, we have also concluded several agreements with union representatives as regards the daily record of the working hours and specific supplementary matters to the text of the III Collective Bargaining Agreement of the EDP España Group regarding the amounts due for non-wage payments, traveling expenses and payments for trips in the employee's own vehicle.

It is to be highlighted the progress made in digitisation thanks to the creation of a union library for labour relations, which unifies and simplifies the different communications between union representatives and the company and reduces the use of paper in the formalisation of labour changes affecting the workers.

As for labour affairs, it should be noted the reorganisation in the generation area of Soto 3 and EDP Cogeneración.

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

3.5.2 SEGURIDAD Y SALUD

EDP has maintained a firm commitment to the employees' health and safety, implementing different processes in line with management practices based on continuous improvement, strengthening individual commitment and participation.



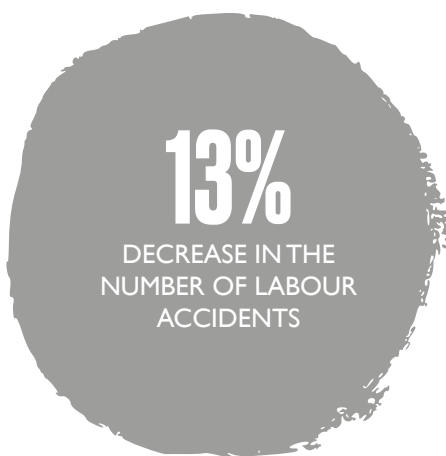
In this scenario, the significant 13% decrease in the number of labour accidents, both regarding own staff and staff from partner companies, and the reduction of the frequency index down to a value of 3.1 evidence the numerous initiatives carried out, among which we can mention the notification of quasi-accidents and risk situations, which were increased by 18% and 37%, respectively, with respect to the previous year.

As concerns singular projects, we should stand out the transition carried out to adapt our current management system, certified as per OHSAS 18001, to the ISO 45001:2018 standard, aiming at obtaining the certification pursuant to such standard in year 2020.

EDP España has adhered to the Luxembourg Declaration, which involves the company's commitment to accept and implement the basic goals for workplace health promotion and to direct its strategies towards it.

The revision of the model for assessing the preventive performance of our partner companies was another project undertaken during year 2019, and we are already able to use the results of the assessments, since the impact they may have on future contracting has been systematically assessed.

Concurrently, the company has insisted on the improvement in the monitoring of different preventive management processes, through our scorecard indicators, which has allowed us to detect and correct deviations.



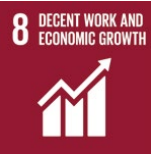
We should also highlight the fact that EDP España has adhered to the Luxembourg Declaration, which involves the company's commitment to accept and implement the basic goals for workplace health promotion and to direct its strategies towards it. This concept comprises all the aspects of the WHO Healthy Workplace Framework and Model: physical work environment (OHSM), personal health resources, psychosocial work environment, and the involvement of the company in the Community, conceptually consisting in the promotion of health globally, in line with the Sustainable Development Goals (SDGs) of the Agenda 2030 and, specifically, with SDGs 3 (Good Health and Well-being) and 8 (Decent Work).

EDP's Safety Culture Programme, presented at the end of the year and the implementation of which is expected in all the companies of the group at the same time, seeks to consolidate, through a series of action vectors, the commitment of all the members of the organisation to health and well-being.

As for the Health Area, the Collaboration Agreement between the Spanish Association Against Cancer-Asturias (A.E.C.C.) and EDP España to jointly foster the development of actions based on spreading good habits and cancer prevention measures has continued. Likewise, the company has carried on developing campaigns related to annual vaccination and dental health, early detection of macular degeneration and corneal opacities to prevent cataracts, early detection of prostate pathologies in employees over 50, and voluntary gynaecological check-ups for women.

3.5.3 SOCIAL BENEFITS

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



Over the years, EDP España has been increasing the offer of measures to help balancing its employees' personal and professional life; in year 2019, there have been 91 initiatives promoting balance in the life of our employees.

26

FAMILY SUPPORT

Leaves
EDP is Work-Personal life balance - Alares

16

TIME AND SPACE FLEXIBILITY

Continuous working day
Tools for flexible work

33

WORKPLACE QUALITY

Health insurance
EDP is Healthy

5

EQUAL OPPORTUNITIES

Code of Ethics
Tutor in case of disability

11

PROFESSIONAL AND PERSONAL DEVELOPMENT

Coaching
Volunteering

17

LEADERSHIP AND MANAGEMENT STYLES

Priority given to in-house mobility for new Approve vacancies

In 2019, our lines of work revolved around improving the measures that were worst reviewed by employees in the survey conducted in the previous year. Among all of them, the EDP is Healthy programme should be highlighted.

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



As part of the commitment assumed by EDP to its employees' health, in 2019, it joined the Asturian Network of Healthy Companies. This initiative proposes keys to the participating companies to improve occupational well-being, in addition to workshops to spread and promote healthy habits. Under this project, EDP also adhered to the Luxembourg Declaration, a consensus document prepared by the European Network for Workplace Health Promotion (ENWHP), which establishes the basic action principles and the framework for a good health management in the company.

We should also emphasise the effort made by EDP to improve the Car Sharing service, which is now internally managed with an in-house fleet of vehicles, or the promotion of cultural events among employees; this way, in 2019, up to 140 employees and their families benefited from tickets to more than 20 shows.

3.5.4 TRAINING AND DEVELOPMENT

In 2019, 38,153 hours of training were given, with a participation of 7,082 attendees. During this year, we have opted for actions in line with the lines of work and projects in which the company is currently involved, such as:



EDP España's commitment to the development of employees has been reflected in the reviews given by participants in the satisfaction surveys conducted after every course, which, with an average score of 8.77 out of 10, evidence the good reception of the offered courses.

It should be noted that the best reviewed courses were those related to Finance areas, workshops on digital processes, Inovgrid and Norte Compartido workshops.

DIGITAL SKILLS

Digital transformation is already a reality in EDP España and it involves change processes in the way we work, in how we manage our relationship with our customers or in how we perceive our businesses. In order to stand by our employees in these processes, EDP España gave in 2019 a total of 5,887 training hours, grouped into three main lines of contents and which involved the participation of 52% of the staff:

<p>General vision on digital transformation, how to foster and lead a digital transformation process in your area of operation.</p>	<p>Digital processes, how to apply Office 365 tools, cybersecurity and new robotization software.</p>	<p>Reconquest programme, we continued training new teams that work on projects and functionalities related to the development of the Salesforce tool, as well as on the spreading of general knowledge of Agile work frameworks.</p>
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NORTE COMPARTIDO EXPERIENCE

The Norte Compartido Experience has continued in 2019 – an initiative that started its journey in 2018 in EDP España and whose goals are:

- Leading cultural change and teamwork cohesive leadership to foster digital transformation and innovation, focused on people.
- Creating a shared purpose in line with the different initiatives, business needs and people, such as Reason Why for the new culture and leadership.
- Triggering a mind shift in people to adopt new more intuitive, agile and sustainable ways of working, based on openness and flexibility to adapt to VUCA environments.



For this purpose, more than 4,000 training hours were given, according to the following programmes and development initiatives:

<p>FEBRUARY MARCH</p>	<p>Lead Now</p>	<p>Sessions: 2 Attendees: 32 Reviews: 9.5 % women: 37.5</p>	<p>MAY</p>	<p>Conflict Management</p>	<p>Sessions: 3 Attendees: 48 Reviews: 8.4 % women: 33.3</p>
<p>MARCH</p>	<p>Romper Silos</p>	<p>Sessions: 3 Attendees: 41 Reviews: 8.7 % women: 41.5</p>	<p>MAY</p>	<p>Effective meetings</p>	<p>Sessions: 2 Attendees: 24 Reviews: 8.9 % women: 33.3</p>

APRIL



Sessions: 3
Attendees: 38
Reviews: 8.7
% women: 57.9

MAY



Sessions: 2
Attendees: 19
Reviews: 9.2
% women: 63.2

JUNE



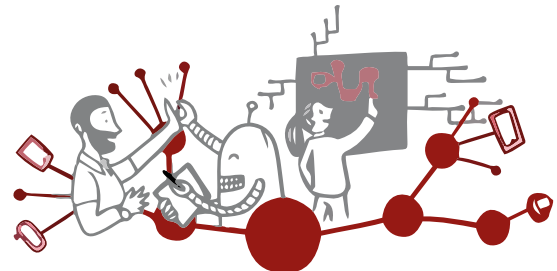
Sessions: 1
Attendees: 204
% women: 33.7

OCTOBER
NOVEMBER



Sessions: 4
Attendees: 55
Reviews: 9.2
% women: 50.1

- Continuation of the leadership and team management Lead Now programme, which was started in 2016 and which, in 2019, was aimed at completing the training of managers who could not attend it in previous years.
- Workshops in which we analyse in depth the leadership development needs that were identified as top priority for EDP España:
 - Romper Silos – Leaders that overcome borders.
 - Conflict management – Being assertive and fluent in relationships.
 - Effective meetings – Striving for success as a team.
- Workshops on Tools to Lead teams in creativity and innovation. I drive transformation:
 - Design Thinking – I drive transformation.
 - Storytelling – Transforming data and information into a captivating story.
 - Linkln Talent – Bring your personal and professional identity into a good digital profile on LinkedIn.
- Bootcamp Leaders in Digital Transformation, a meeting in which digitisation was discussed from an integrated approach, including people, business and technology. It was developed in a summit format, which combined round tables, presentations, interviews, pitches, stands (corners) and workshops, and it was attended by 204 employees from all the Business Areas of EDP España.



LEADERS in DIGITAL TRANSFORMATION

DIGITAL BOOTCAMP EDP
oviedo, Junio 2019

CULTURE COMMITTEE

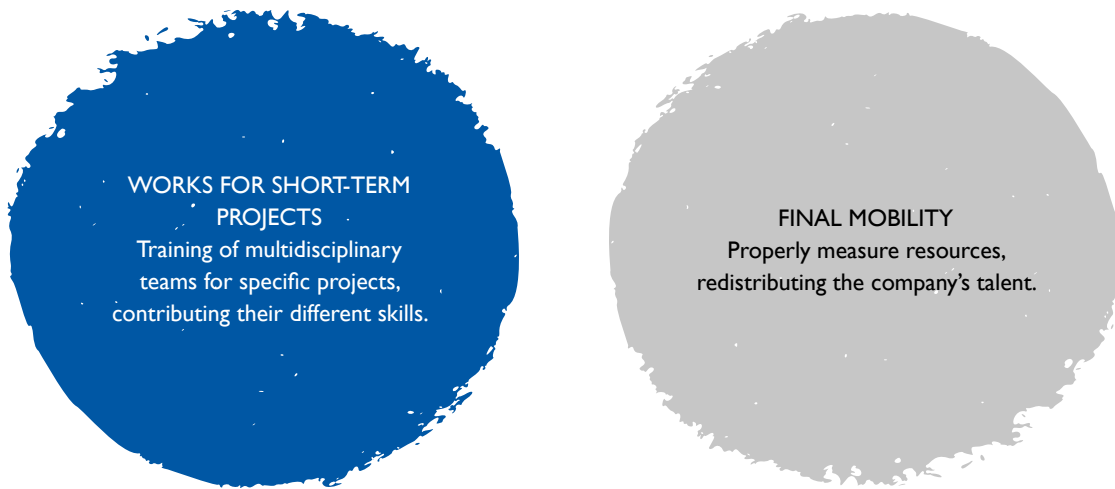
The **Culture Committee** kept working on the development and implementation of the strategic lines defined in the Culture Workshop that was held in September 2018. This committee, which was created with the participation of 10 employees, representatives of all the business areas of EDP España, has grown throughout 2019 until reaching 38 members. The initiatives that are being developed are grouped into three, which are:

- Employee experience
- Sustainable productivity
- Efficiency and agility

GROW

GROW is EDP's platform to create a Talent market, bringing together the demand for skills for projects and tasks and the internal talent of the company, which allows EDP's staff to seize collaborative work opportunities for their professional growth.

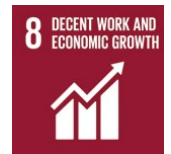
The goal of this project is to identify the best internal talents as regards skills and put them at the disposal of what EDP España needs, based on 2 lines:



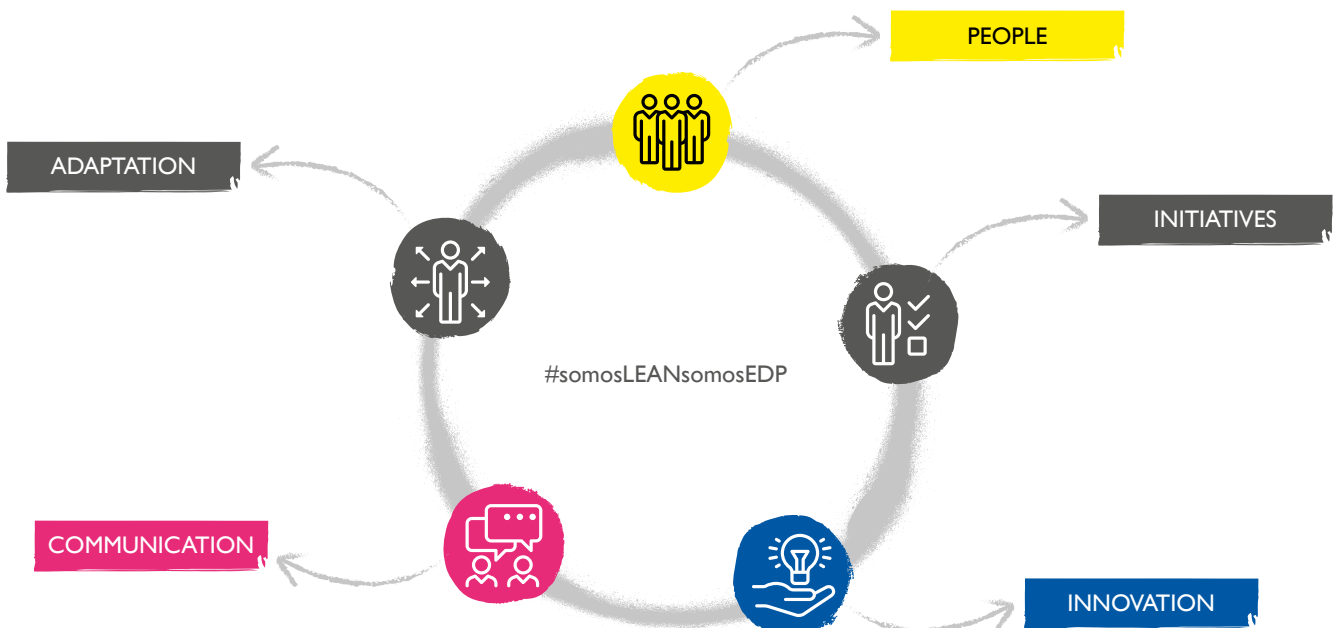
3.5.5. LEAN

In EDP, we have adapted LEAN as our benchmark for continuous improvement.

The LEAN culture in EDP is based on: people, initiatives, adaptation, communication and innovation.



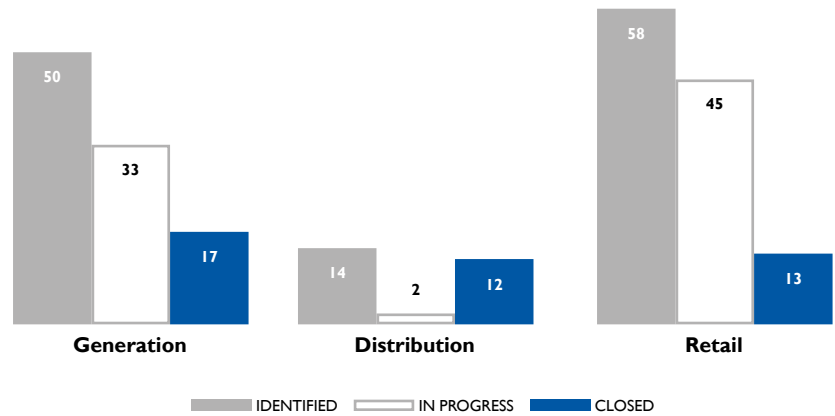
LEAN culture in EDP España



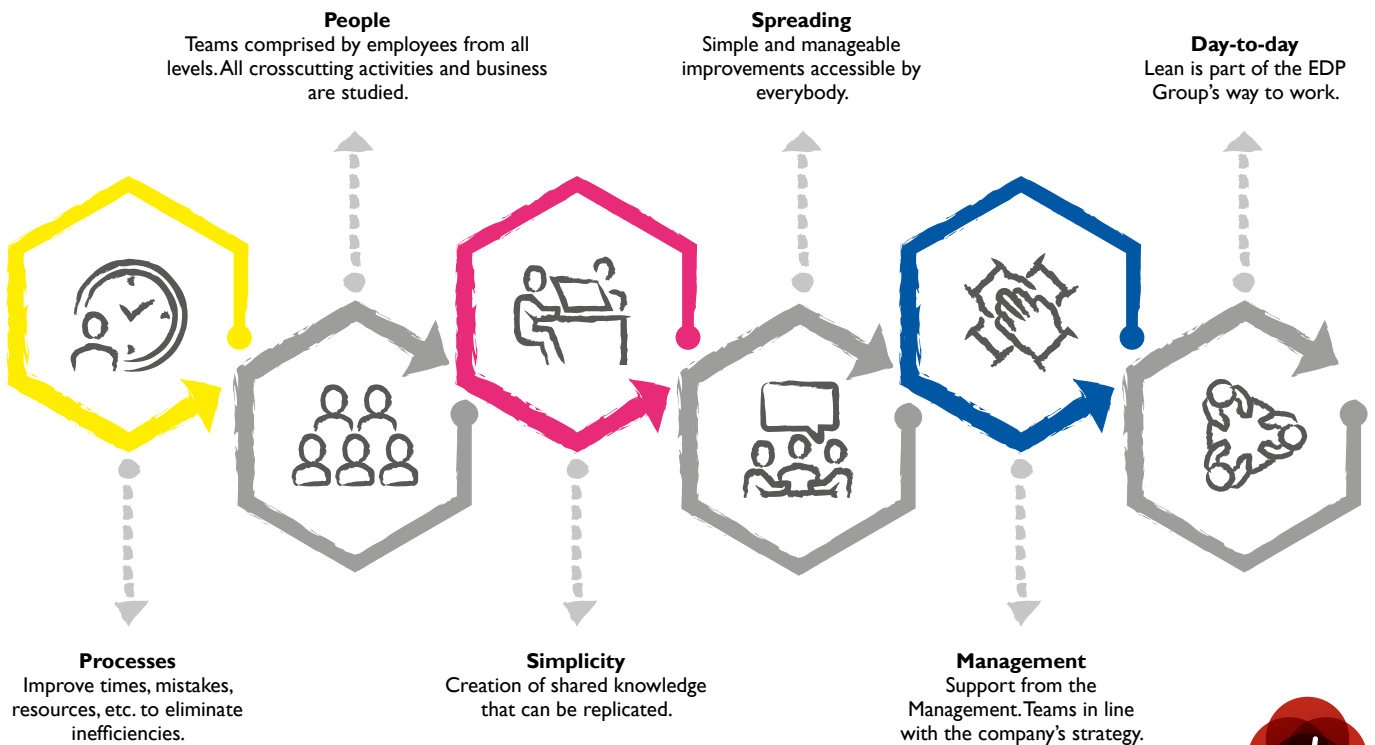
The adaptation of the Lean methodology through these operational improvement teams allows to identify problems and opportunities for improvement, analyse the causes and design and implement solutions, always seeking to create added value. This leads to initiatives for improvement in operational efficiency and management practices, availability of equipment and installations, customer-focused initiatives or occupational health and safety and environmental initiatives.

Lean 2019 Balance

- 54** INITIATIVES CONCLUDED IN 2019
- 147** INITIATIVES IN PROGRESS
- 0** INITIATIVES REJECTED
- 11** TEAMS
- 108** EMPLOYEES
- 7** RENEWALS IN THE TEAMS
- 4.181** INITIATIVES ACCUMULATED SINCE THE START OF THE PROGRAMME (2006)



LEAN methodology in EDP



Lean+

In EDP España, the Continuous Improvement and R&D&I activities are coordinated. This coordination materialises in the so-called Lean+ initiatives. These are initiatives aimed at solving problems that, due to their complexity, require the collaboration of an external entity, such as a research centre or a university department, with the technological and scientific skills that Lean teams lack. An example of a Lean+ initiative in EDP España is the one that is analysing the renewable supply of remotely-controlled overhead switches by using solar panels, small wind turbines and batteries for energy storage.

Celebration of the Environment Day together with FADE and the Asturias Quality Club. LEAN and Environment Event: On the occasion of the Environment Day (5 June), the Soto plant hosted the annual environmental event promoted by FADE and the Quality Club, in which the environmental initiatives implemented at the plant were praised as an example of success to be shared with the more than 30 participating companies.

Training and awareness in LEAN and continuous improvement: Through the LEAN Community, we have actively participated in 6 benchmarking sessions (Renault, Royo, Airbus, Schneider, Sonae Arauco, Agile companies and Transformation of companies from the Management), and training actions about problem solving and in-company process mapping have been developed, identifying and analysing opportunities for improvement through real cases.



3.6 FAIR OPERATING PRACTICES

The Sustainability Plan 2020-2022 includes specific goals related to:

- Monitoring the social and environmental conditions under which the acquired goods and services are produced



	Spain	EDP
	2020	2020
Assess the performance of critical suppliers	100%	100%
Audit the suppliers exposed to ESG risks ⁽¹⁾	100%	100%
Protect Human Rights in the supply chain	4ª etapa	4ª etapa

⁽¹⁾ Employees and suppliers

3.6.1 SUPPLIERS

In order to guarantee sustainability in the entire value chain, EDP is aware of the importance of involving its partner companies. By collaborating with its value chain, EDP promotes a reduction of environmental and social impacts, the search for more efficient products and the development of new innovation opportunities.

During year 2019, audits have been also conducted on 100% of EDP's critical suppliers. A total of 110 suppliers have been assessed according to sustainability criteria and they have been communicated their performance, as well as the areas and aspect they need to improve.

The suppliers' Code of Conduct is the foundation based on which EDP's suppliers must adopt sustainability policies in their purchases and do everything within their power to guarantee equivalent standards in their own supply chains. The promotion of EDP's ethics culture has been conveyed to suppliers also by means of training and awareness actions carried out in 2019 in Madrid and Oviedo. In these events, the company has given training about family-responsible companies and the EFR certification, as well as the feedback of the implemented Action Plan that tackled the relevant issues identified by the suppliers themselves in the previous year.

The quality of the provided service has been assessed at 86% out of 100% as good or very good, highlighting the environment area, in which there have not been significant incidents.

3.6.2 DIGITAL TRANSFORMATION



In order to meet the decarbonisation and decentralisation goals, a third 'D' is required: 'Digitisation', regarding not only the management of distribution grids, in reply to the growing challenges of distributed generation and electric vehicle implementation, but also the transformation of companies and their efficiency.

TEAMS SOLUTION

During 2019, the company has completed the implementation of Office 365 solutions, with a special emphasis on the implementation of the Teams solution. This has allowed to provide all employees with tools that facilitate the collaborative work of multidisciplinary teams situated in different locations and significantly reduce trips between work centres, thanks to the video conference resources available for employees, and it gives all employees the possibility to work in different locations and times, contributing to family-work life balance. In order to foster the use and command of these tools, training workshops about the practical use of these solutions are developed, and mentoring actions are carried out with each department and business, assisting them to solve problems via digital means.

ROBOT PROCESS AUTOMATION (RPA)

In the task automation area, the company has fostered the use of Robot Process Automation (RPA) tools for the automation of repetitive low-value tasks, which allow saving the time spent by employees in this type of tasks, thus devoting more time to more specialised and valuable activities for the company. EDP has entered into an agreement with manufacturers of this type of solutions to extend the use of these technologies to all the businesses and areas of the company.

MVP'S (MINIMUM VIABLE PRODUCT)

In 2019, the first MVPs (Minimum Viable Product) have started to be developed in Spain following the Digital acceleration methodology of the EDP Group through its Digital Hub and Digital Factory, at the same time that the project development activities using Agile methodology have continued. In this sense, the Reconquest programme has intensified its activity and has completed its first project stage with the implementation of a new fully digital CRM for the management of the customer portfolio and B2B products.

DISTRIBUTED GENERATION

In the sphere of the new Distributed Generation business, during 2019, new digital solutions have been implemented for the development of the Solar business. Thanks to digital technologies, EDP has a fully digital contracting process which allows customers to make a simulation of how much they would save with a solar installation, according to the possibilities of their roofs, enabling them to digitally contract it. Likewise, the retail teams have a new CRM solution to monitor the retail activity.

DIGITAL CHANNELS

We carry on with our efforts to improve the capacities of the digital self-service channels available for our customers, with continuous improvements in the usability of these channels and the addition of new functions to improve the customers' autonomy and information.

PRIVACY PROTECTION

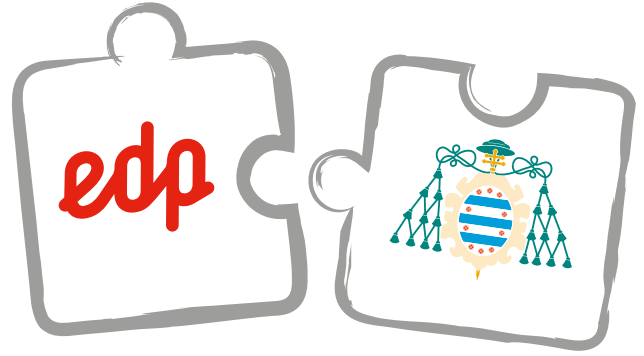
As for the protection of privacy and personal data, EDP has maintained its efforts, already started in previous years, adding new controls in the applications and improving the existing ones to guarantee the privacy and the personal data protection of customers and all employees.

DIGITAL INCLUSION

The Digital Reverse Coaching programme, which is derived from a Lean O2 initiative, aims to reduce the 'digital gap' between the digital skills of the new generations, who have a more natural approach to digital tools (mainly Office365 and social media), and EDP's long-career employees, used to more rigid and manual systems. The idea is based on the concept of coaching between the EDP employee (different from the intern's tutor) and the intern, in a way that the intern tutors/ supports EDP employee in acquiring new skills related to the use of digital tools and social media, and the intern receives training in other EDP aspects different from the ones he/she is working on in his/her internship, in order to complete his/her training and improve his/her employability.

This way, the project supplements the corporate Training Plan, which already includes regulated training for employees about how to work with tools in the Cloud (Office365 and 'EDP Cloud'), with personalised training aimed at specific practical aspects, since the interns' skills in the use of these tools are much stronger, and the most veteran employees do not always see or appreciate the potential and interest of such tools. And with regard to social media, interns regularly use them as a new ongoing communication channel, in contrast with some segments of employees, who are more reluctant to the use thereof, in view of the low use currently made by the staff of the corporate Facebook, Twitter and Instagram channels.

The Digital Reverse Coaching programme is integrated into the Lean O2 programme, 'Fresh air for Lean', as a programme through which we seek that the interns taking their internship at the company support the continuous improvement strategy as regards the identification of problems and opportunities, also collaborating in the definition and implementation of improvements.



Digital Reserve Coaching Lean O2



3.6.3 DATA PROTECTION

Fair operating practices: The GDPR

During financial year 2019, in the framework of the adaptation project to the General Data Protection Regulation (GDPR), EDP has strengthened its alignment with the 'proactive responsibility principle'. In practical terms, EDP has focused on analysing which data it processes and the purposes for which it does it, maintaining a conscious, diligent and proactive attitude with respect to all the personal data processing operations.

Which are the principles that have been taken into account?

Privacy by Design & Privacy by Default

The responsibility assumed by EDP as regards data protection is reflected in the implementation of privacy principles by design and privacy principles by default, according to which it has defined internal procedures aimed at identifying, from the first development stages of a product or service, the processed personal data and the actions to be carried out to guarantee the privacy of the data holders.

Actions:

- In the framework of a proactive responsibility, the company has defined training actions that promote the privacy culture and allow deepening in specific aspects of the protection of the data processed by EDP's work teams in their daily activity.
- EDP's commitment to data protection is organised through the 'governance model', which defines specific resources to guarantee the privacy of personal data and establishes the duties assigned to all employees in this matter.

Transparency

Transparency is one of the foundations on which EDP's relationship with its customers is based. In this context, EDP is focused on providing information to the data holder in a concise and easily accessible way, always using clear and simple language, regardless of the communication channel employed.

Actions:

- The source of the personal data and their purposes are updated and put at the disposal of data holders in the information clauses and privacy policies, easily accessible, for example, via the corporate website.
- EDP puts at the data holders' disposal specific communication channels to meet the requests related to the processing of their personal data, giving a nimble and effective response.

Security

In the scope of information security, the proactive responsibility principle acquires a great importance.

EDP regularly submits its computing systems storing personal data to security inspections, and it has teams specialised in maintaining such systems in line with the best cybersecurity and logical security practices, in order to guarantee the integrity, availability and confidentiality of the data.

Actions:

- A methodology for the analysis of personal data processing has been established, which has resulted in specific security measures according to the risks derived from each activity.
- Aside from the strong information security measures, procedures for the detection, identification and resolution of possible security incidents have been implemented.

Data minimisation

The ability to offer a personalised product and improve our customer service quality depends to a significant extent on a deep data analysis; for this reason, EDP has sought to reach a balance between the data minimisation requirements and the use thereof, with the common goal of improving customer care and the quality of the service.

Actions:

- EDP has defined the minimum data required, as well as the retention periods for each processing purpose, so that it requires the minimum volume of personal data possible.
- Work documents are catalogued according to their sensitivity level, and we have developed personal data blocking and anonymisation mechanisms in our computing systems.
- Profiles and accesses to information systems are regularly checked, so only authorised staff can manage private data.

Data quality

EDP endeavours to guarantee the accuracy and updating of the processed data. This is a crosscutting measure that not only affects data protection, as having a reliable database is essential for, among other things, providing services, as well as for understanding and analysing them, and taking decisions accordingly.

Actions:

- In order to guarantee data traceability, a documentary record of the personal data processed by EDP is kept and updated, so that it is possible to know at all times the type of data collected, their source, their storage and the accesses thereto.

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04

04 YEAR-ON-YEAR DATA

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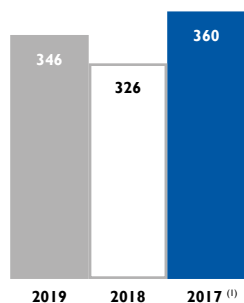
04

YEAR-ON-YEAR DATA

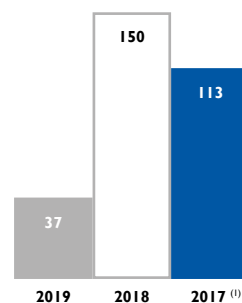
4.1 FINANCIAL INDICATORS

FINANCIAL INDICATORS	U	2019	2018	2017
Turnover	€M	3,056	3,106	3,315
EBITDA ⁽¹⁾	€M	346	326	1,100
Net profit (EAT)	€M	37	150	853
Operational investments	€M	74	68	106
Net debt ⁽¹⁾	€M	-137	-392	-983

⁽¹⁾ In 2017, it includes the positive effects of the sale of the Gas Distribution activity.

EBITDA €M

⁽¹⁾ EBITDA without EDP Naturgas Energia €M

Net profit €M

⁽¹⁾ Net profit (EAT) without EDP Naturgas Energia €M

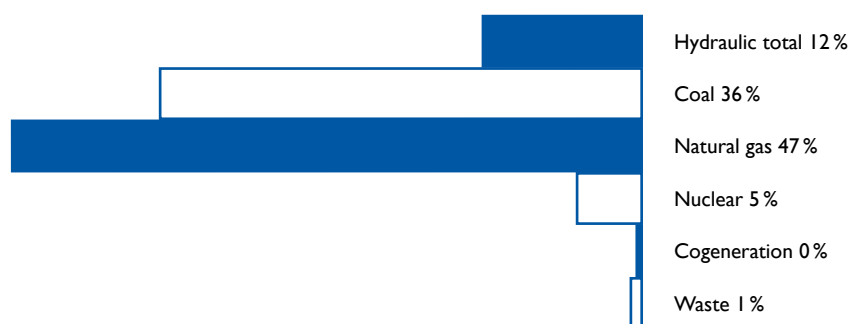
ECONOMIC INDICATORS	U	2019	2018	2017
ENVIRONMENTAL EXPENDITURE AND INVESTMENTS	€M	35.8	40.7	60.3
Management of waste, wastewater and land protection	€M	21.1	24.6	17.1
Projects related to energy efficiency	€M	8.6	9.5	8.7
Environmental management and prevention	€M	3.7	4.5	32.0
Research projects related to the environment	€M	0.6	0.5	0.4
Others	€M	1.9	1.6	2.1

4.2 TECHNICAL INDICATORS

ELECTRICITY GENERATION

INSTALLED PRODUCTION CAPACITY	U	2019	2018	2017
Hydraulic total	Gross MW	433	432	432
Coal	Gross MW	1,322	1,322	1,283
Natural gas	Gross MW	1,721	1,721	1,721
Nuclear	Gross MW	165	165	165
Thermal total	Gross MW	3,208	3,208	3,169
Overall total	Gross MW	3,641	3,640	3,601
Cogeneration	Gross MW	5	5	5
Waste	Gross MW	20	20	20
Special total	Gross MW	26	26	26
TOTAL	Gross MW	3,667	3,666	3,627

Investments in wind power are made through EDP Renovaveis.



NET ELECTRICITY GENERATION	U	2019	2018	2017
Hydraulic total	MWh	880,097	1,053,877	471,842
Coal	MWh	3,128,971	5,948,351	7,420,988
Natural gas	MWh	4,345,998	1,241,515	2,087,331
Nuclear	MWh	1,223,263	1,195,741	1,235,541
Thermal total	MWh	8,698,232	8,385,607	10,743,860
Overall total	MWh	9,578,329	9,439,484	11,215,702
Cogeneration	MWh	30,090	32,674	31,861
Waste	MWh	76,548	93,381	96,083
Special total	MWh	106,639	126,055	127,944
TOTAL	MWh	9,684,968	9,565,539	11,343,646

Investments in wind power are made through EDP Renovaveis.



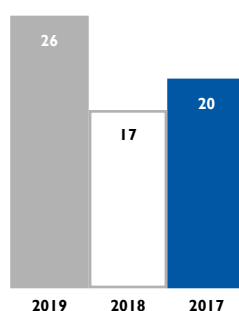
ELECTRICITY DISTRIBUTION

ELECTRICITY DISTRIBUTION INSTALLATIONS	U	2019	2018	2017
HV overhead lines (50/132 kV)	km	1,269	1,269	1,272
MV overhead lines (5/10/16/20/22/24 kV)	km	4,826	4,819	4,805
HV underground lines (50/132 kV)	km	44	43	43
MV underground lines (5/10/16/20/22/24 kV)	km	1,684	1,677	1,658
LV overhead grids ⁽¹⁾	km	9,637	9,635	9,618
LV underground grids ⁽¹⁾	km	3,309	3,265	3,217
Transformation centres	No.	6,667	6,750	6,731
Transformation centre installed capacity	MVA	2,323	2,313	2,297
Substations ⁽¹⁾	No.	149	148	146
Transformers in substations	No.	120	120	120
Installed capacity in substations	MVA	5,343	5,343	5,293

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

ELECTRICITY DISTRIBUTION	U	2019	2018	2017
SUPPLY POINTS	No.	668,494	666,403	664,099
Low voltage (< 1kV)	No.	667,339	665,252	662,960
Medium voltage (> 1 kV and <36 kV)	No.	1,128	1,124	1,114
High voltage (> 36 kV)	No.	27	27	25
DISTRIBUTED ENERGY	GWh	8,262	9,360	9,331
Low voltage (< 1kV)	GWh	2,229	2,250	2,222
Medium voltage (> 1 kV and <36 kV)	GWh	1,286	1,317	1,309
High voltage (> 36 kV)	GWh	4,746	5,793	5,801

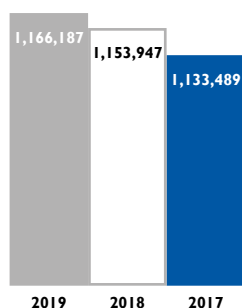
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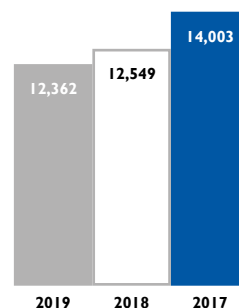
ELECTRICITY AND GAS RETAIL

ELECTRICITY RETAIL	U	2019	2018	2017
SUPPLY POINTS	No.	1,166,187	1,153,947	1,133,489
Last resort	No.	228,724	221,080	219,160
Free market	No.	937,463	932,867	914,329
RETAILED ENERGY	GWh	12,362	12,549	14,003
Last resort	GWh	461	444	446
Free market	GWh	11,901	12,106	13,556

Supply points (no.)

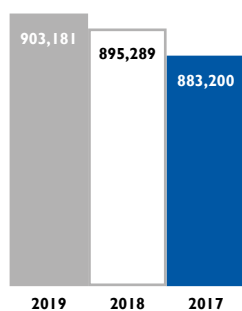


Retailed energy (GWh)

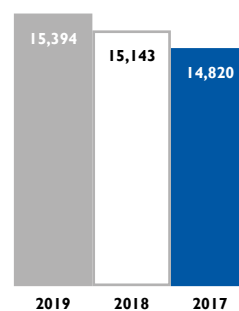


GAS RETAIL	U	2019	2018	2017
SUPPLY POINTS	No.	903,181	895,289	883,200
Last resort	No.	51,971	51,323	51,740
Free market	No.	851,210	843,966	831,460
RETAILED ENERGY	GWh	15,394	15,143	14,820
Last resort	GWh	247	261	236
Free market	GWh	15,147	14,882	14,584

Supply points (no.)



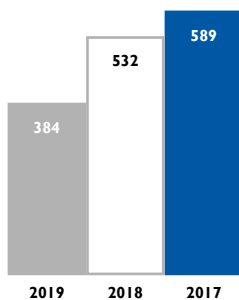
Retailed energy (GWh)



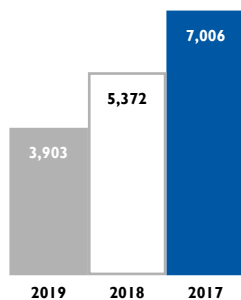
4.3 ENVIRONMENTAL INDICATORS

CO₂ EMISSIONS

Specific emissions (g/kWh)

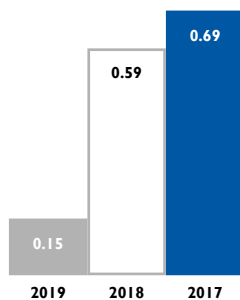


Total emissions (thousand tons)

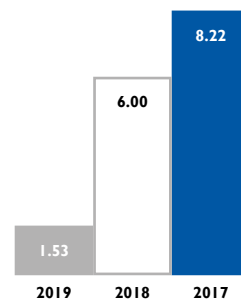


SO₂ EMISSIONS

Specific emissions (g/kWh)

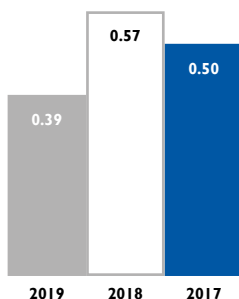


Total emissions (thousand tons)

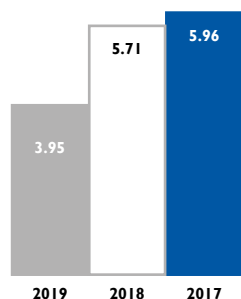


NO_x EMISSIONS

Specific emissions (g/kWh)

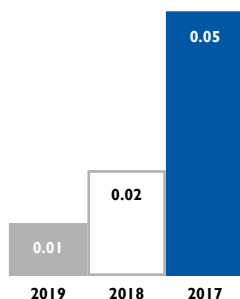


Total emissions (thousand tons)

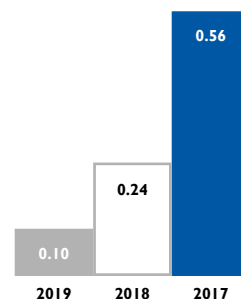


TSP EMISSIONS

Specific emissions (g/kWh)



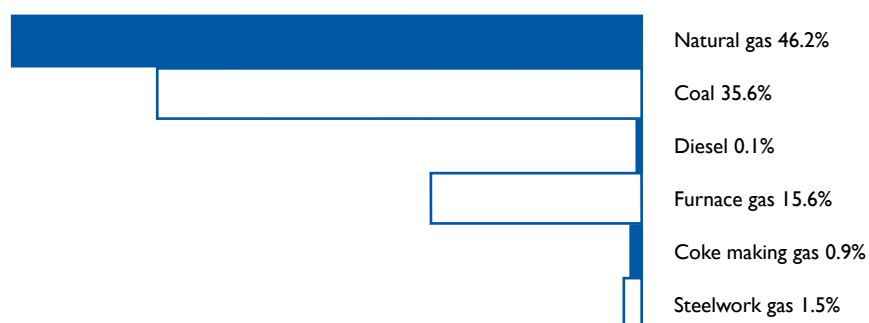
Total emissions (thousand tons)



WASTE AND BY-PRODUCTS	U	2019	2018	2017
Total hazardous waste	tons	318	389	561
Total non-hazardous waste	tons	91,229	193,381	267,705
Total by-products	tons	26,766	43,905	36,585
Total generated	tons	118,313	237,676	304,850
Total recovered	tons	115,694	221,225	226,542



FUEL CONSUMPTION	U	2019	2018	2017
Fuel oil	TJ	22	32	57
Natural gas	TJ	30,325	9,526	15,063
Coal	TJ	23,379	50,757	65,276
Diesel	TJ	47	45	78
Furnace gas	TJ	10,213	12,356	12,897
Coke making gas	TJ	616	934	968
Steelwork gas	TJ	1,006	1,220	1,151
TOTAL		65,609	74,869	95,490

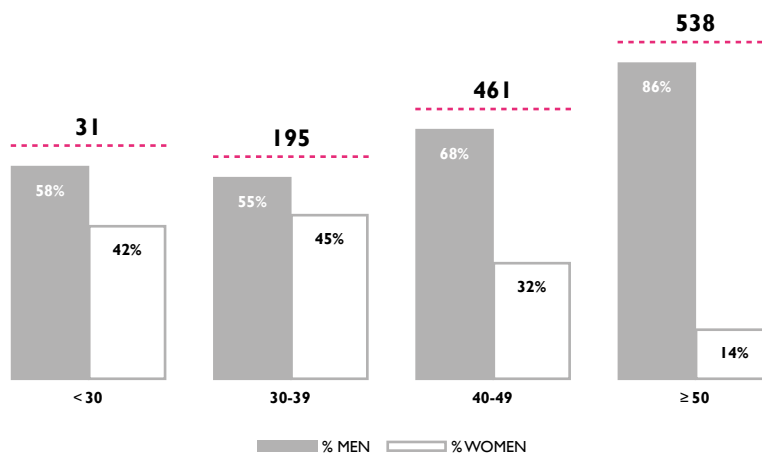


WATER	U	2019	2018	2017
Cooling water	thousand m ³	324,242	412,590	509,326
Electricity generation water	thousand m ³	1,781	866	2,464
Recovered water out of abstracted water (%)	thousand m ³	99%	100%	99%

4.4 SOCIAL INDICATORS

EMPLOYEES	U	2019	2018	2017
Employees	No.	1,225	1,247	1,280
Percentage of women	%	26	25	24
Average age of the employees	Years	47	47	47
Absenteeism rate	%	4.09	3.74	4.03
Employee remuneration costs	thousand €	88,587	94,588	95,463
Contribution to Pension Plan	thousand €	3,146	2,915	2,864

EMPLOYEE PROFILE BY AGE

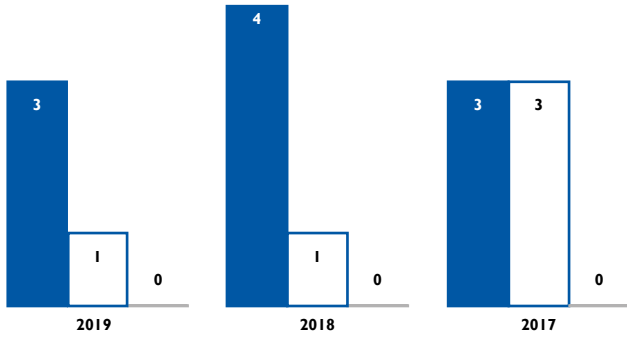


TRAINING	U	2019	2018	2017
Total hours of training	hours	38,153	48,599	42,609
Participation rate	participants	7,082	9,242	7,013
Training actions	No.	1,154	1,224	1,137

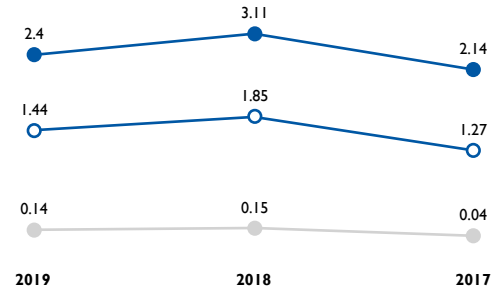
EMPLOYEE PROFILE BY PROFESSIONAL CATEGORY



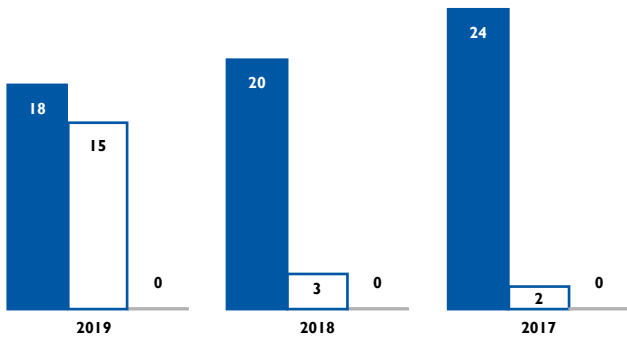
OWN WORKFORCE ACCIDENTS



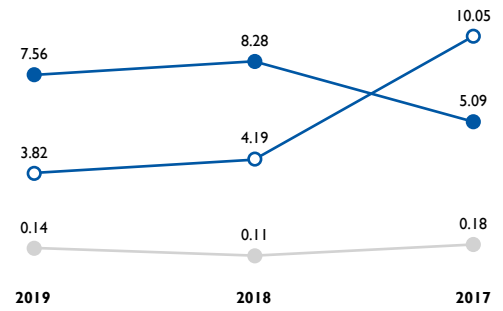
OWN WORKFORCE ACCIDENT RATE



CONTRACTOR ACCIDENTS



CONTRACTOR ACCIDENT RATE



Accidents resulting in sick leave

Incidence index
No. of accidents resulting in sick leave/people exposed *10³

Accidents not resulting in sick leave

Frequency index
No. of accidents not resulting in sick leave/hours worked *10⁶

Fatal accidents

Severity index
No. of working days missed/worked hours *10³

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