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**Changing  
tomorrow now.**

*edp* renováveis

Innovating  
to power  
the planet

**Changing tomorrow now.**

# 03

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## EXECUTION

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# 03

## Execution

### 3.1. Financial capital

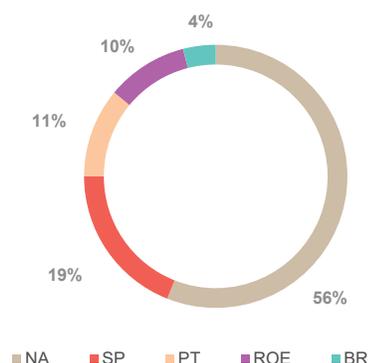
#### 3.1.1. Operational performance

	INSTALLED CAPACITY (MW)					VS. 2019			NCF			GWh		
	Dec-20	Built	Sold	Decom.	Var. YoY	Dec-20	Dec-19	Var. YoY	Dec-20	Dec-19	Var. YoY			
<b>EUROPE</b>														
Spain	2,137	+401	(237)	-	+163	25%	28%	-3.1pp	4,346	5,298	(18%)			
Portugal	1,228	+64	-	-	+64	26%	29%	-3.4pp	2,624	3,160	(17%)			
Rest of Europe	1,403	+140	-	-	+140	27%	26%	+0.6pp	3,054	3,333	(8%)			
France	126	+73	-	-	+73	31%	22%	+9.2pp	212	465	(44%)			
Belgium	10	+10	-	-	+10		22%	-	2	68	(47%)			
Italy	271	-	-	-	-	25%	27%	-1.9pp	595	551	+43%			
Poland	476	+58	-	-	+58	29%	30%	-1.3pp	1,059	1,098	+19%			
Romania	521	-	-	-	-	26%	25%	+0.9pp	1,186	1,151	+9%			
<b>Total</b>	<b>4,769</b>	<b>+605</b>	<b>(237)</b>	<b>-</b>	<b>+367</b>	<b>26%</b>	<b>28%</b>	<b>-2.1pp</b>	<b>10,024</b>	<b>11,791</b>	<b>(15%)</b>			
<b>NORTH AMERICA</b>														
US	5,828	+587	(465)	(8)	+114	33%	34%	-0.8pp	16,633	15,696	+6%			
Canada	68	+38	-	-	+38	30%	27%	+3.0pp	78	70	+12%			
Mexico	400	+200	-	-	+200	41%	42%	-1.1pp	710	726	(2%)			
<b>Total</b>	<b>6,296</b>	<b>+825</b>	<b>(465)</b>	<b>(8)</b>	<b>+352</b>	<b>33%</b>	<b>34%</b>	<b>-0.8pp</b>	<b>17,421</b>	<b>16,492</b>	<b>+6%</b>			
<b>BRAZIL</b>														
<b>Total</b>	<b>436</b>	<b>+105</b>	<b>(137)</b>	<b>-</b>	<b>(32)</b>	<b>38%</b>	<b>43%</b>	<b>-4.9pp</b>	<b>1,093</b>	<b>1,757</b>	<b>(38%)</b>			
<b>GRAND TOTAL</b>	<b>11,500</b>	<b>+1,535</b>	<b>(839)</b>	<b>(8)</b>	<b>+688</b>	<b>30%</b>	<b>32%</b>	<b>-1.4pp</b>	<b>28,537</b>	<b>30,041</b>	<b>(5%)</b>			
Equity Consolidated	668	+45	+73	-	+118									
Wind Onshore (SP + PT)	187	+35	-	-	+35									
Wind/ Solar Onshore (US)	471	-	+73	-	+73									
Wind Offshore	10	+10	-	-	+10									
<b>EBITDA MW + EQUITY CONSOL.</b>	<b>12,168</b>	<b>+1,580</b>	<b>(766)</b>	<b>(8)</b>	<b>+806</b>									

## EDPR continues to deliver solid selective growth

With a top-quality portfolio, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 12.2 GW is not only young, on average 9 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity, resulting in a total installed capacity of 12,168 MW (EBITDA + Equity Consolidated). As of December 2020, EDPR had 4,966 MW installed in Europe, 6,766 MW in North America and 436 MW in Brazil.

## 12.2 GW of EBITDA MW + Equity Consol. (%)



## 2020 installations concentrated in North America

Since Dec-19, EDPR added a total of 1,580 MW, including the 486 MW from the acquisition of the renewables business of Viesgo. In 2020, EDPR added 1,370 MW of wind onshore, corresponding to 640 MW in Europe, namely 436 MW in Spain (15 MW from equity stake), 84 MW in Portugal (20 MW from equity stake), 73 MW in France, 58 MW in Poland and 10 MW in Belgium, while in North America 625 MW of wind were built, more precisely 587 MW in United States and 38 MW in Canada, finally, in Brazil EDPR built 105 MW worth of wind onshore projects. In terms of solar PV, 200 MW were installed in Mexico, whilst 10 MW of wind offshore were built, corresponding to Windplus floating in Portugal (equity stake).

Pursuing its Sell-down strategy, EDPR successfully concluded the Sell-down of its entire ownership in the 137 MW Babilonia wind farms in Brazil, 237 MW in a Spanish portfolio, 80% sell-down of a 563 MW portfolio in the US (of which 200 MW will become operational in 2021) and a 102 MW *Build and Transfer* wind farm in US. All in all, in 2020, EDPR YTD consolidated portfolio net variation was positive by 806 MW.

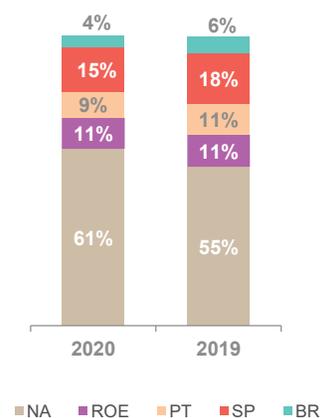
## 5% decrease in Year on Year generation

EDPR produced 28.5 TWh of clean energy in 2020, -5% YoY. The YoY evolution comes in line with a lower average installed capacity YoY following the execution of EDPR's Sell-down strategy (3Q19: 997MW of European Assets (-1.2 TWh YoY); 1Q20: 137 MW in Brazil (-671 GWh YoY) and 4Q20: 237 MW in Spain (-64 GWh YoY)).

In 2020, EDPR achieved a 30% load factor (vs 32% in 2019) reflecting 92% of P50 (long term average for 12M). In the 4Q20, EDPR reached a 34% load factor (vs 35% in 4Q19), with QoQ comparison being affected by lower wind resource, mainly in Brazil.

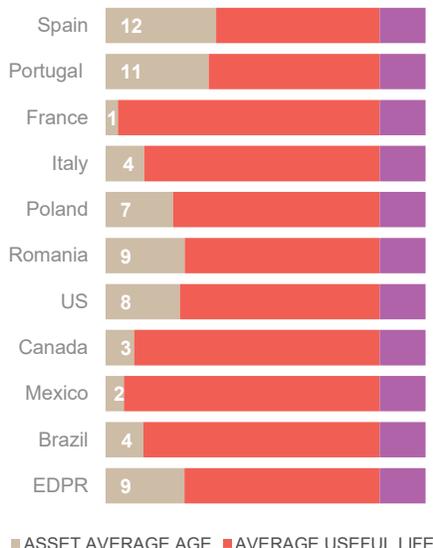
EDPR achieved a 96.7% availability in 2020, vs 96.8% in 2019. The company continues to leverage on its competitive advantages to maximise wind farm output and on its diversified portfolio across different geographies to minimise the wind volatility risk.

## Generation breakdown



## Solid growth and diversified portfolio delivers balanced output

### Assets' Average Age and Useful Life (years)



EDPR's operations in Europe were a major driver for the electricity production decrease in 2020, decreasing -15% YoY to 10.0 TWh and representing 35% of the total output. This is mainly explained by the deconsolidation of 997 MW in Jul-19 and 237 MW deconsolidation in Spain at the end of 2020 following Sell-down transactions and by lower wind resource. In Europe, EDPR achieved a 26% load factor (vs 28% in 2019).

EDPR obtained a load factor of 25% in Spain (-3pp YoY), while in Portugal reached a load factor of 26% (-3pp YoY). In Rest of Europe, EDPR accomplished a 27% load factor (+1pp YoY), mainly driven by France (+9pp YoY).

EDPR's production in Brazil decreased to 1.1 TWh vs 1.8 TWh in the 2019, representing 4% of total EDPR's generation, driven by the deconsolidation in the 1Q20 of 137 MW from the Sell-down of Babilonia wind farms. In Brazil, EDPR reached a 38% load factor (vs 43% in 2019).

In North America, output increased +6% YoY to 17.4 TWh, reflecting the new capacity in operation partially impacted by a lower wind resource at 33% (-1pp YoY). North America represents 61% of EDPR's total output in the twelve months of 2020.

## Propelled by capacity additions in 2020, EDPR manages a portfolio of 12.2 GW

As of December 2020, EDPR had 2.4 GW of new capacity under construction, of which 1,648 MW related to wind onshore, 404 MW to solar PV and 311 MW from equity participations in offshore projects. In terms of wind onshore, in Europe were 722 MW under construction, with 85 MW in Spain, 135 MW in Portugal, 30 MW in France, 292 MW in Poland, 136 MW in Italy and 45 MW in Greece. In North America 970 MW were under construction, of which 770 MW corresponding to wind onshore projects in US and Canada and 200 MW from a solar project in US. In Brazil 155 MW of wind onshore and 204 MW of solar were under construction. In terms of wind offshore, EDPR had a total of 311 MW of wind offshore in construction from equity stakes, 269 MW from Moray East in the UK and 43 MW from SeaMade in Belgium. As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 9 years, with an estimate of over 21 years of useful life remaining to be captured.

### 3.1.2. Financial performance

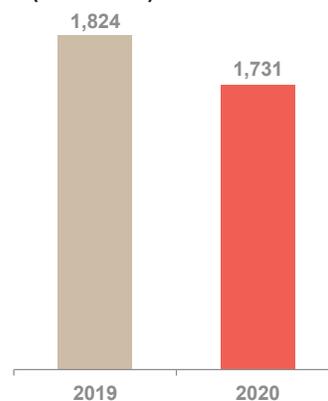
#### Income statement

Revenues reached over €1.7 billion and EBITDA summed €1.7 Billion.

Revenues totalled €1,731 million (-5% decrease year on year) on the back of Sell-down assets deconsolidation (-€129 million versus 2019), lower wind resource (-€89 million year on year) along with forex translation and others (-€10 million versus 2019) not offset by additional installed capacity (+€82 million versus 2019), higher average selling price excluding Sell-down (+€53 million year on year).

Other operating income amounted to €498 million (+€99 million versus 2019), with year on year evolution reflecting the gains (€444 million) related to Sell-down transactions closed by the end of the year in the US and Spain together with Offshore transactions, namely the stakes sold to the Offshore JV with Engie (as of Dec-20, all assets were transferred pursuant to the agreement signed in Jan-20).

#### Revenue evolution (€ millions)



In the context of EDPR's continuous growth, Operating Costs (Opex) totalled €568 million (-1% year on year). In comparable terms, adjusted by offshore costs (mainly cross charged to projects' SPV), Sell-down assets deconsolidated, one-offs, service fees and forex, Core Opex (defined as Supplies and Services and Personnel Costs) per average MW was +1% year on year, given upfront costs to support expected growth over the coming years.

In 2020, EBITDA summed €1,655 million (vs €1,651 million in 2019) and EBIT amounted to €1,054 million (versus €1,055 million in 2019), with Sell-down transactions having a positive impact of -€17 million in Depreciation and Amortisation and a -€28 million write-down of a wind-farm (151 MW in US) approved for repowering in 2021. Net Financial Expenses decreased to €285 million (-18% year on year) with year on year comparison impacted by lower average cost of debt in the period (3.5% vs 4.0% in 2019). At the bottom line, Net Profit summed €556 million (versus €475 million in 2019) mainly driven by the successful execution of the Sell-down strategy. Non-controlling interests in the period totalled €127 million, decreasing by €20 million year on year, as a result of assets sold.

CONSOLIDATED INCOME STATEMENT (€ MILLIONS)	2020	2019 <sup>1</sup>	Δ %
<b>REVENUES</b>	<b>1,731</b>	<b>1,824</b>	<b>(5%)</b>
Other Operating Income	498	400	+25%
Operating Costs	(568)	(575)	(1%)
Supplies and Services	(304)	(309)	(1%)
Personnel Costs	(141)	(131)	+8%
Other Operating Costs	(123)	(136)	(10%)
Share of Profit of Associates	(6)	3	(281%)
Total	1,731	1,824	(5%)
<b>EBITDA</b>	<b>1,655</b>	<b>1,651</b>	<b>+0%</b>
EBITDA/Revenues	1	1	+505%
Provisions	(1)	(1)	(43%)
Depreciation and Amortisation	(617)	(609)	+1%
Amortisation Government Grants	17	17	(4%)
Total	1,655	1,651	+0%
<b>EBIT</b>	<b>1,054</b>	<b>1,055</b>	<b>(0%)</b>
Financial Income/ (Expense)	(285)	(349)	(18%)
Total	1,054	1,055	(0%)
<b>PRE-TAX PROFIT</b>	<b>769</b>	<b>709</b>	<b>+8%</b>
Income Taxes	(86)	(86)	(4%)
Profit of the Period	683	623	+10%
Total	769	709	+8%
<b>NET PROFIT (EQUITY HOLDERS OF EDPR)</b>	<b>556</b>	<b>475</b>	<b>+17%</b>
Non-controlling Interests	127	148	(14%)
Total	556	475	+17%

<sup>1</sup>From 2020 onwards share of profits of associates will be accounted at EBITDA level. Only for YOY comparison purposes, 2019 data is also adjusted.

## Balance sheet

In 2020 total equity increased by €289 million.

Total Equity of €8.6 billion increased by €289 million in 2020, of which €1,878 million are attributable to reserves and retained earnings. Equity attributable to EDPR shareholders increased €375 million year on year, mainly explained by +€556 million from Net profit in the period, +€82 million from Acquisition/sale of companies, along with -€187 million of the exchange rate effects, -€8 million from variation in fair value cash flow hedges and -€70 million from dividend payments.

Total Liabilities increased €181 million year on year to €9.5 billion, explained by the increase in financial debt (+€530 million), deferred tax liabilities (+€72 million), rents due from lease contracts (+€71 million) and in provisions (+€37 million), despite the decrease in deferred revenues from Institutional partnerships (-€213 million), in Institutional partnerships (-€143 million), and other liabilities (-€173 million).

Debt-to-equity ratio stood at 111% by the end of 2020. Liabilities were mainly composed of financial debt (41%; versus 37% in 2019), liabilities related to institutional partnerships in the United States (12%; versus 14% in 2019) and accounts payable (23% versus 26% in 2019).

Liabilities to tax equity partnerships in the United States decreased by €356 million to €1,934 million. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realised by the institutional investor, arising from accelerated tax depreciation, and yet to be recognised as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets summed €18.2 billion in December 2020, the equity ratio of EDPR reached 47%. Assets were 74% composed of net PP&E - property, plant and equipment representing €13.5 billion (+€228 million versus 2019). In detail it included +€2.3 billion of capex investments, -€0.6 billion of depreciation charges along with negative exchange differences of -€1.6 billion and -€1.0 billion coming from sales and acquisitions.

Net intangible assets of €1.5 billion mainly include €1.2 billion from goodwill registered in the books, for the most part related to acquisition of Viesgo renewable business, while accounts receivable is mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

STATEMENT OF FINANCIAL POSITION (€ MILLIONS)	2020	2019	Δ €
<b>ASSETS</b>			
Property, Plant and Equipment, net	13,492	13,264	+228
Intangible Assets and Goodwill, net	1,537	1,490	+47
Financial Investments, net	488	476	+12
Deferred Tax Assets	122	126	(4)
Inventories	55	34	+20
Accounts Receivable - Trade, net	279	303	(24)
Accounts Receivable - Other, net	999	556	+443
Right-of-use asset	674	616	+58
Collateral Deposits	31	32	(1)
Cash and Cash Equivalents	474	582	(107)
Assets Held for Sale	12	214	(202)
<b>Total</b>	<b>18,163</b>	<b>17,693</b>	<b>+470</b>
<b>EQUITY</b>			
Share Capital + Share Premium	4,914	4,914	0
Reserves and Retained Earnings	1,878	1,584	+294
Net Profit (Equity Holders of EDPR)	556	475	+81
Non-controlling Interests	1,276	1,362	(86)
<b>Total</b>	<b>8,624</b>	<b>8,335</b>	<b>+289</b>
<b>LIABILITIES</b>			
Financial Debt	3,947	3,417	+530
Institutional Partnerships	1,143	1,287	(143)
Provisions	315	278	+37
Deferred Tax Liabilities	427	355	+72
Deferred Revenues from Institutional Partnerships	790	1,003	(213)
Other Liabilities	2,227	2,400	(173)
Rents due from lease contracts	689	618	+71
<b>Total</b>	<b>9,539</b>	<b>9,358</b>	<b>+181</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,163</b>	<b>17,693</b>	<b>+470</b>

## Cash flow statement and Net debt

### Operating cash-flow impacted by top line performance

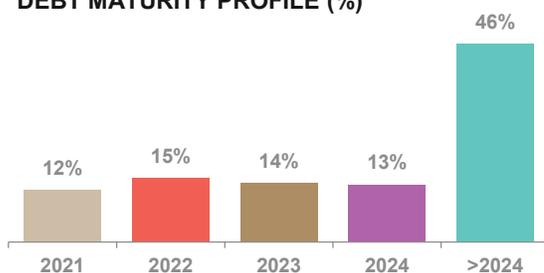
In 2020, EDPR generated Operating Cash-flow of €908 million (-17% YoY), with year on year evolution explained by weaker top line performance. The key items that explain 2020 cash-flow evolution are the following:

- Funds from operations, resulting from EBITDA after net interest's expenses, share of profits of associates and current taxes, were €1,519 million (versus €1,441 million in 2019)
- Operating Cash-flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from United States institutional partnerships) and net of changes in working capital, was €908 million (-17% year on year). Non-cash items include €432 million from capital gains related to the assets sold to Ocean Winds (EDPR and Engie's Offshore JV) and other sales in the US and Spain;
- Capital expenditures with capacity additions, ongoing construction and development works totalled €2,099 million (+89% year on year) mainly from higher capex in North America and Europe;

- Payments to institutional partnerships totalled €56 million, contributing to the reduction of Institutional Partnership liabilities. Total net dividends and other capital distributions paid to minorities totalled €184 million (including €70 million to EDPR shareholders). In the period, forex & others had a positive impact increasing Net Debt by €3 million.

CASH-FLOW (€ MILLIONS)	2020	2019	Δ %
<b>EBITDA</b>	<b>1,655</b>	<b>1,651</b>	<b>0%</b>
Current Income Tax	(35)	(55)	-36%
Net Interest Costs	(101)	(156)	-35%
<b>FFO (FUNDS FROM OPERATIONS)</b>	<b>1,519</b>	<b>1,441</b>	<b>5%</b>
Net Interest Costs	101	156	-35%
Share of Profit of Associates	6	(3)	-281%
Income from Institutional Partnerships	(202)	(173)	17%
Non-cash Items Adjustments	(439)	(290)	51%
Changes in Working Capital	(78)	(41)	88%
<b>OPERATING CASH-FLOW</b>	<b>908</b>	<b>1,089</b>	<b>-17%</b>
Capex	(2,098)	(1,109)	89%
Financial Desinvestments/ (Investments)	(1,093)	(291)	275%
Changes in Working Capital related to PP&E Suppliers	552	(100)	-651%
Government Grants	-	-	n/a
<b>NET OPERATING CASH-FLOW</b>	<b>(1,731)</b>	<b>(412)</b>	<b>320%</b>
Sale of Non-controlling Interests and Sell-down Strategy	950	989	-4%
Proceeds from Institutional Partnerships	305	186	63%
Payments to Institutional Partnerships	(56)	(81)	-31%
Net Interest Costs (Post Capitalisation)	(101)	(138)	-27%
Dividends Net and Other Capital Distributions	(184)	(151)	22%
Forex & Others	178	(138)	-229%
<b>DECREASE/(INCREASE) IN NET DEBT</b>	<b>(640)</b>	<b>257</b>	<b>-349%</b>

#### DEBT MATURITY PROFILE (%)



As of December 2020, Net Debt totalled €3,443m (+€640m vs December 2019) reflecting on the one hand assets' cash generated and on the other hand investments in the period including the acquisition of Viesgo renewables and forex translation. Institutional Partnership Liabilities summed €1,143m (-€143m vs December 2019), with benefits captured by the projects and tax equity partners along with a new institutional tax equity financing in the period (flat vs Dec-19 in USD).

NET DEBT & TAX EQUITY (€ MILLIONS)	2020	2019	Δ €
Net Debt	3,443	2,803	+640
Institutional Partnerships	1,143	1,287	-143
Total	4,586	4,090	+496

## Europe

In 2020, Europe decreased its revenues to €824 million (-11% versus 2019) due to lower production at 10.0 TWh (-15% year on year) and despite higher selling prices during the year (+4% versus 2019). Net Operating costs (Operating costs net of other operating income), decreased to -€28 million, primarily explained by the increase in other operating income explained by the capital gains received from the Spanish portfolio Sell-down in 2020 (€113 million). Operating costs roughly remained flat in 2020 when comparing with last year. All in all, EBITDA in Europe totalled €856 million, a -7% decrease versus 2019, reflecting an EBITDA margin of 104% (versus 99% in 2019).

## North America

In North America, revenues increased to €871 million in 2020 (+5% year on year) on the back of higher capacity in operation (+352 MW versus 2019). Net Operating costs decreased €124 million to €94 million, reflecting mainly the €99 million capital gain accounted from a 80% sale of a 363 MW portfolio in the US and the €14 million gains in a 102 MW *Build and Transfer* in the US, that translated into a +€145 million increase in other operating income. Operating costs increased +22 million in 2020. As a consequence, North America EBITDA totalled €777 million (versus €615 million in 2019), reflecting an EBITDA margin of 89% (versus 74% in 2019).

## Brazil

In Brazil, revenues decreased to €36 million (versus €74 million in 2019) on the back of lower wind resource that decreased production -38% year on year and despite higher average selling price during the year (+6% versus 2019). Net Operating costs increased €75 million to €11 million, due to the decrease in other operating income explained by the €87 million capital gain from the Sell-down of Babilonia wind farm accounted in 2019. All in all, EBITDA in Brazil totalled €26 million, versus €139 million in 2019 reflecting an EBITDA margin of 71% (versus 188% in 2019).

STATEMENT (€ MILLIONS)	2020			2019 <sup>2</sup>			2020			2019 <sup>2</sup>		
	2020	2019 <sup>2</sup>	Δ %	2020	2019 <sup>2</sup>	Δ %	2020	2019 <sup>2</sup>	Δ %	2020	2019 <sup>2</sup>	Δ %
	Europe			North America			Brazil					
<b>REVENUES</b>	<b>824</b>	<b>925</b>	<b>-11%</b>	<b>871</b>	<b>832</b>	<b>5%</b>	<b>36</b>	<b>74</b>	<b>-51%</b>			
Other Operating Income	287	246	17%	195	50	290%	3	88	-96%			
Operating Costs	-259	-258	0%	-290	-268	8%	-14	-24	-42%			
Supplies and Services	-158	-158	0%	-163	-148	10%	-9	-15	-39%			
Personnel Costs	-32	-29	11%	-76	-63	21%	-1	-3	-50%			
Other Operating Costs	-68	-71	-4%	-50	-57	-12%	-3	-5	-35%			
Share of Profit of Associates	4	4	14%	0	0	-37%	0	0	-			
<b>EBITDA</b>	<b>856</b>	<b>917</b>	<b>-7%</b>	<b>777</b>	<b>615</b>	<b>26%</b>	<b>26</b>	<b>139</b>	<b>-81%</b>			
EBITDA/Revenues	104%	99%	5%	89%	74%	21%	71%	188%	-62%			
Provisions	-1	-1	-42%	-	-	-	-	-	-			
Depreciation and Amortisation	-223	-255	-13%	-375	-333	13%	-9	-16	-45%			
Amortisation of Government Grants	1	1	-39%	16	16	-2%	0	0	-100%			
<b>EBIT</b>	<b>633</b>	<b>658</b>	<b>-4%</b>	<b>418</b>	<b>298</b>	<b>40%</b>	<b>17</b>	<b>123</b>	<b>-86%</b>			

<sup>2</sup>From 2020 onwards share of profits of associates will be accounted at EBITDA level. Only for YOY comparison purposes, 2019 data is also adjusted.

## COVID-19 impacts

EDPR was able to manage the COVID-19 crisis with high efficiency, maintaining normal levels of availability and posted lower costs in terms of travelling and marketing. Due to COVID-19, the company has suffered some construction and supply chain disruptions leading to a total of c.0.5 GW COD delays, however without impact in projects' fundamentals. These delays have been compensated by the +0.5 GW acquisition from Viesgo renewables business and the anticipation of some projects in Brazil.

## Other reporting topics

### Subsequent events

The following are the most relevant subsequent events from the first months of 2021 until the publication of this report:

#### **EDPR informs about PPA contracts secured for two solar projects in the US**

Madrid, January 4<sup>th</sup> 2021: EDP Renováveis, SA ("EDPR"), through its fully owned subsidiary EDP Renewables North America LLC, has closed two 15-year Power Purchase Agreement ("PPA") to sell the energy produced by two solar PV plants totalling 275 MW. In detail, the projects located in the US states of Mississippi and Indiana are expected to commence operations in 2023.

With this new agreement, EDPR reached globally 2.0 GW of total solar PV capacity secured for the 2020-2023 period.

#### **EDPR informs about agreement to acquire 85% of a distributed solar platform in the US**

Madrid, January 18<sup>th</sup> 2021: EDP Renováveis, SA ("EDPR"), through its fully owned subsidiary EDP Renewables North America, LLC ("EDPR NA"), has entered into an agreement to acquire a majority interest in C2 Omega LLC ("C2 Omega"), the distributed solar platform of C2 Energy Capital LLC ("C2").

In detail, EDPR will acquire an 85% equity stake in a solar generation portfolio that includes 89 MW of operating and imminent completion capacity and a near-term pipeline of around 120 MW, across nearly 200 sites in 16 states. EDPR's investment in C2's distributed solar platform business corresponds to an enterprise value of approximately \$119m for the acquisition of the operating capacity (89 MW). The transaction will also include certain earn-out payments based on the growth in future operational capacity. C2's management team will continue to be engaged in the day-to-day operations of the business.

The transaction will establish EDPR's presence in the fast-growing distributed generation segments as an owner-operator of one of the largest commercial and industrial distributed generation portfolios in the US, and will enable EDPR to serve a rapidly growing market and offer to its customers a range of new services and solutions to meet their renewable energy needs. The completion of this transaction is subject to customary conditions precedent, and closing is expected to occur in the first quarter of 2021.

#### **EDP Renováveis informs about changes in Corporate Bodies**

Madrid, January 19<sup>th</sup> 2021: EDP Renováveis, S.A. ("EDPR") informs about a resolution approved by EDPR's Board of Directors: After the public communication of António Mexia and João Manso Neto about their no availability to be re-elected for their positions in EDP and following the appointment by EDP's shareholders of a new Executive Board of Directors team at EDP, and taking in consideration that both informed that they will put their positions at the disposal of the Board, the Board of EDPR has agreed to cease António Mexia as Chairman of EDPR's Board, and João Manso as Vice-Chairman of EDPR's Board and CEO of EDPR. EDPR would like to thank António Mexia and João Manso Neto for their enormous dedication and contribution to the company, for the definition and implementation of a sustainable growth strategy, that brought EDPR to be a leader in the renewables' sector, clearly and greatly valued by the company's stakeholders.

In addition, EDPR informs that has received the following resignations as members of EDPR's Board of Directors: Francisca Oliveira, with effect from December 30<sup>th</sup> 2020 (was also member of EDPR's Audit, Control and Related Party Transactions Committee); Duarte Bello, with effect from January 19<sup>th</sup> 2021 (was also member of the Executive Committee); Spyridon Martinis, with effect from January 19<sup>th</sup> 2021 (was also member of the Executive Committee); Miguel Ángel Prado, with effect from the next General Shareholders Meeting (was also member of the Executive Committee).

To fulfil the vacant positions, EDPR's Board has co-opted: Miguel Stilwell de Andrade, as Executive Director; Ana Paula Marques, as Non-executive Director; Joan Avalin Dempsey, as Non-executive and Independent Director.

Furthermore, EDPR's Board has appointed Miguel Stilwell de Andrade as Chairman of EDPR's Board and CEO of EDPR and Rui Teixeira, currently EDPR's Executive Director and *Consejero Delegado*, as CFO of the Company.

To better maximise EDPR's Board participation in the management of the Company, the Board has decided to eliminate the Executive Committee body, which included up to now Executive Board members of the company, whose executive staff will now be integrated in a Management Team composed by: Miguel Stilwell de Andrade, CEO; Rui Teixeira, CFO; Duarte Bello, COO Europe and Brazil; Miguel Ángel Prado, COO North America; Spyridon Martinis, CDO & COO Offshore.

To cover the vacant position in the EDPR's Audit, Control and Related-Party Transactions Committee, following the resignation from Francisca Oliveira, EDPR's Board of Directors has agreed to name Francisco Seixas da Costa as member of such Committee. Following this appointment, EDPR's Audit, Control and Related-Party Transactions Committee is composed by: Acácio Jaime Liberado Mota Piloto (Chairman); António do Pranto Nogueira Leite; Francisco Seixas da Costa. With this resolution, EDPR's Audit, Control and Related-Party Transactions Committee continues to be composed only by independent members.

Lastly, the Board of Directors has agreed that a General Shareholders' Meeting will be summoned for the February 22<sup>nd</sup> with the following agenda: Ratification of co-opted Directors; Deliberate on the termination of members of the Board of Directors; Establishment of the number of Board Members in 12; Amendment to the By-Laws to eliminate the role of the Chairman of the Shareholders' Meeting, and allow the Shareholders Meeting to be chaired by the Board of Directors Chairman; Delegation of powers.

#### **EDP Renováveis, S.A. informs about Spanish and Italian renewable energy auctions**

Madrid, January 27<sup>th</sup> 2021: EDP Renováveis, S.A. ("EDPR") was awarded long-term Contract-for-Differences ("CfDs") at the Spanish & Italian renewable energy auctions to sell electricity. In detail, at the Spanish auction, a portfolio of 6 projects of wind and solar, including hybrid projects, with a total capacity of 143 MW have been awarded. The projects are expected to become operational in 2022 and 2023. These new long-term contracts reinforce EDPR's footprint in Spain with 2.3 GW in operation and close to 0.4 GW already secured in the country for the following years. At the Italian auction, a wind project of 44 MW and expected to become operational in 2022 has also been awarded. In Italy, EDPR has 271 MW already operational and more than 0.2 GW secured for the coming years.

As of today, EDPR has globally secured 6.7 GW for projects expected to become operational from 2021 onwards.

#### **EDPR enters Hungarian market with a 50 MW solar PV project**

Madrid, February 12<sup>th</sup> 2021: EDP Renováveis, SA ("EDPR") secured a 15-year Contract-for-Difference ("CfD") to sell energy produced by a solar PV project in Hungary totalling 50 MW and with expected commercial operation in 2022. With this project, EDPR increases its worldwide footprint by entering in a new market with a sustainable development of its Renewable Energy Source.

Hungary expects to increase its solar PV capacity to 6.5 GW by 2030, mostly through an auction-based regulatory framework.

As part of its growth strategy, EDPR continues to study worldwide opportunities while developing profitable projects focused in countries with low risk profile and regulatory stability. EDPR's success in securing new long-term contracts reinforces its low-risk profile and growth strategy based on the development of competitive projects with long-term visibility.

#### **EDPR approved its new Strategic Plan for the 2021-2025 period**

At the end of February, EDPR approved its new Strategic Plan for the 2021-2025 period and the main three pillars are as follows: Growth: accelerated and selective growth with +20 GW of additions for 2021-2025; Value: ongoing asset rotation with €8bn of proceeds for the period; Excellence: high quality teams and efficient operations targeting a Core Opex/MW CARG 2021-2025 of -2%.

The strategy is set to deliver superior growth through 2025 promoting clean energy while operating in a sustainable way across the three ESG dimensions.

By 2025, EDPR targets to have 25 GW of installed capacity, €2.3bn of EBITDA and €0.8bn of net income.

#### **EDPR Extraordinary General Shareholders' Meeting**

Madrid, February 22<sup>nd</sup> 2021: EDP Renováveis, S.A. ("EDPR") informs that at the Extraordinary General Shareholders' Meeting, Shareholders have adopted the following resolutions:

- Board of Directors: ratification of appointments of Directors by co-optation.
  - Ratification of the appointment by co-optation as Executive Director of Mr. Miguel Stilwell de Andrade.
  - Ratification of the appointment by co-optation as Dominical Director Mrs. Ana Paula Garrido de Pina Marques.
  - Ratification of the appointment by co-optation as Independent Director of Mrs. Joan Avalyn Dempsey.
- Board of Directors: dismissal (*separación*) of Directors.
  - Dismiss (*separar*) Mr. António Luis Guerra Nunes Mexia of his position as Dominical Director.
  - Dismiss (*separar*) Mr. João Manuel Manso Neto of his position as Executive Director.
- Adjustment of the number of Members of the Board in twelve (12).
- Amendment of articles 12 ("Notice of General Meetings") and 16 ("Chairman of the General Meetings") of Articles of Association.
- Delegation of powers to the formalisation and implementation of all resolutions adopted at the Extraordinary General Shareholders' Meeting, for the execution of any relevant public deed and for its interpretation, correction, addition or development in order to obtain the appropriate registrations.

All information and documentation of the Extraordinary General Shareholders' Meeting is also available in the Company's website ([www.edpr.com](http://www.edpr.com)).

#### **Information on average payment terms to suppliers**

In 2020, total payments made from Spanish companies to suppliers amounted to €102,986 thousand with an average payment period of 51 days, below the payment period stipulated by law of 60 days.

#### **Own shares**

As of December 2020, EDPR did not hold own shares and no transactions were made during the year.

## 3.2. Human capital



2020 was a year undeniably characterised by the COVID-19 pandemic. Despite 2020's challenges, EDPR team's commitment and capacity to adapt by working together while apart allowed the Company to keep achieving and surpassing its 2020 ambitious goals while always putting health and wellbeing first.

Following the outbreak of the COVID-19 pandemic, EDPR implemented a Response Plan focused on protecting employees, helping local communities and minimizing the impacts on the business continuity and the Business Plan. As a responsible company, EDPR quickly took measures to minimise the conditions for the virus to spread, focusing on people's health and keeping essential services in operation. In February, EDPR implemented travel restrictions, adopted measures for those who had recently been in affected areas and distributed hand sanitizers in its facilities. In early March, EDPR activated the Contingency Plan and implemented home office in all geographies, which had the support of two pilot projects to implement home office a day per week recently put in place, and restricted visits to its facilities while continuously communicating with employees regarding any updates on the situation and providing instructions in case of a positive or possible infection. At the end of the year, employees continued to have the option to work from home or to gradually return to facilities according to a Reopening Plan with geographical specifications, guaranteeing the highest health and safety standards for all and complying with legal and space limitations.

Even during the global crisis, EDPR was able to continue hiring and maintain the promotions, mobilities and training sessions, adapting the processes to the current situation.

### Employee journey

A customised value proposition is offered to employees throughout their journey in EDPR, which allows them to join a multinational team and grow along with it. EDPR believes that motivated workforce aligned with the company's strategy is one of the key drivers behind the ability to deliver positive results. In this sense, EDPR bases its Human Resources policies on the Business Plan Achievements and implements its actions considering an active listening of the employees.

During 2020, the Company launched the Climate Survey as every two years, in which 95% of the employees participated. The results of general employees' satisfaction showed improvement comparing to the previous survey, as the levels of EDPR employees' enablement were of 76% of favourability (comparing to 71% in last survey) and 83% of favourability regarding engagement (73% in the previous survey).

In addition, EDPR launched two surveys to evaluate the home office implementation. Firstly, a survey was launched for employees who were working remotely, which formed the majority. Then, a second survey was launched for those who

continued in their usual positions, to understand the details of their situation while working on the premises. Both surveys were very well received and had high percentages of employee participation, and employees stressed that the strategy and resources provided by EDPR to address the pandemic were appropriate and successful.

Even so, EDPR continuously works to provide excellent conditions for its employees, to grow and develop talent at all levels, and to optimise its employment policies and labour practices. As a result, EDPR has been recognised by the Top Employers Institute as one of the best companies to work for in Europe in 2020 and, at a local level, in Spain, France, Italy, Portugal, Poland and the UK. This certification endorses EDPR as one of the best companies to work at thanks to the journey it offers its employees. The main actions implemented by EDPR in 2020 in this regard are detailed in this chapter.



## Joining & Integrating

### Attracting talent

EDPR aims to be a long-term market leader in the renewable energy sector and is aware that its team is key to achieve this. Therefore, the Company is continuously striving to attract talent, bringing in the right skills and profiles to address current and future business challenges, and retain professionals who seek to excel in their work in order to position the company as "the first choice for employees" in the labour market.

In EDPR, non-discrimination and equal opportunities are guaranteed during all the selection processes. This is reflected in its Code of Ethics, which contains specific clauses on non-discrimination and equal opportunities, in line with the company's culture of diversity and inclusion and the respect for human and labour rights.

During 2020, EDPR implemented different talent and attraction initiatives with the goal of strengthening its image as a leading employer:

- Pool of Engineers Program:** 5 exceptional junior engineers for Tech profiles and different academic backgrounds were selected to join EDPR and be an active part of one of the most compelling junior engineer programs in the market. Through the program, EDPR gives new talents the tools to develop themselves professionally and personally, having the chance to get to know and influence different technical areas, including a tailor-made training program. During this twenty-four-month program, junior engineers will have the opportunity to complete two rotations in EDPR in different technical areas.
- Job Fairs:** In 2020, EDPR attended 8 job fairs from the most relevant Universities and Business Schools from Spain and Portugal with an assistance of almost 7,836 students. Throughout the year, the job fair events were adapted to the COVID-19 pandemic and done online. EDPR also held an on-site Open Day at its offices at the beginning of the year.
- LinkedIn:** The platform is used as the main source of Recruitment, covering up to 67% of the Corporate positions hired during 2020.

### Integrating the team

Onboarding plays a critical role in a new hire's success and happiness, and builds relationships that are important to job satisfaction and performance. Aware of this, EDPR has an Onboarding Policy for new hires which details the process and measures to follow when integrating a new employee in the Company.

The integration process is more important than ever now, as most companies have transitioned to remote work in response to the COVID-19 pandemic, making completely virtual onboarding of new hires a necessity. A good onboarding process is especially important for remote employees since they don't have as many opportunities to organically integrate into the company processes and culture. With this in mind, EDPR adapted its initiatives to integrate employees whenever possible, striving to make virtual onboarding seamless, dynamic and informative.

One of the measures detailed in EDPR's Policy is to prepare a meeting with an HR buddy in the employee's first day. In addition, some new hires have the opportunity to have breakfast with the CEO, a meeting where employees get to introduce themselves personally and ask the Company's CEO some questions, while also giving the leader some insight from the team. This year, both these meetings were done through interactive video sessions.

Also as a part of its Onboarding Policy, EDPR holds an annual Welcome Day event, which is exclusively for new employees. Welcome Day is focused on improving the integration and networking of the new members of the team and includes some short presentations from different business areas of the Company for an introduction on the Company's functioning. In addition, the CEO usually gives a welcome speech to the new employees and participates in a Q&A session, which helps the participants to know and better understand the Company's strategy. In 2020, there were two editions of this event. One was held in person in January with an attendance of 107 new hires, and another with an attendance of 116 new hires was done online in July, adapting the event to the global pandemic. In addition, EDPR shares a monthly newsletter to its employees where all the new hires' names, occupation and country of work are included, fostering their integration.

During 2020, despite the global pandemic and economic crisis, EDPR welcomed 441 team members (+20% vs 2019), of whom 29% are women. The new hires represented 16 different nationalities, and their average age was 34 years old. 95% of the new employees correspond to levels of Specialists and Technicians, of which 80% have University degree or above. 99% of the hires were allocated in permanent positions and, furthermore, 113 internships were carried out during 2020.

## Being EDPR

EDPR works daily to create a climate of trust and professionalism among its team to incentivise responsibility and excellent performance. That is why the Company regularly implements activities, measures and campaigns that are important for the employees professional and personal development such as providing an individualised value proposition, creating working conditions that allow employees to grow and bloom, supporting their wellbeing and their families, supporting volunteer activities and promoting diversity and inclusion. All in all, the Company continuously works so that being part of EDPR means to feel fulfilled, treasured and supported.

### Individualisation

Part of EDPR value proposition is a competitive remuneration package aligned with the best practices in the market. EDPR Compensation Package includes (i) an Annual Base Salary and (ii) a Variable Pay depending on the achievements of Area, Company KPIs and an Individual Global Assessment of the employee, and also an (iii) above market practice benefits package such as Health Insurance or Pension Plan. The remuneration package is not static, which means that it evolves at the same pace of employees' needs and concerns as well as the business.

In recent years, EDPR focused on analysing the life-cycle status of EDPR employees including topics such as their generation or if they have children or not in order to offer a tailor-made Benefits Package with an individualised approach from a communication perspective, so that it is adapted to the employees' needs. This translates into unique professional and personal experiences and development opportunities.

### Work Life Balance

2020 was a year of uncertainty, change and adaptation in which both physical and mental health were a priority. Now more than ever, promoting a balance between work and personal life is crucial to be a more competitive company and to build a fairer society based on flexibility, respect and equal opportunities. EDPR thus implements various initiatives focused mainly on family, time and health, offering its team a wide range of benefits that strengthen the Company's position as flexible and family-friendly, and fostering time efficiency of employees' daily tasks to balance their professional and personal life while still delivering excellent results. Accordingly, EDPR's Work Life Balance (WLB) practices have been awarded for nine years through the Responsible Family Employer Certification (EFR – Empresa Familiarmente Responsable) by Spain's Fundación MásFamilia. In 2020, EDPR was awarded with the level of excellence in this certification, recognising the Company's efforts to balance professional and personal life, excellence and flexibility. To achieve this continuously, EDPR is dedicated to constant improve the initiatives implemented in order to provide the most suitable and updated benefits to its employees.

During the year, EDPR launched the "Flex-Movement", an initiative to streamline flexibility measures and to improve the conditions necessary to make EDPR a dynamic, innovative and growth-based company. The movement included actions such as facilitating the approval workflow of requests to work from home in exceptional circumstances, and the opportunity to work in any EDPR office in the world up to 15 days a year. In addition, among the novelties announced, EDPR started in February two pilot projects in Spain and Poland to implement home office a day per week. The pilot then worked as a foundation for implementing remote work in a global scale due to the COVID-19 crisis. Later in the year, as a result of the successful implementation of home office globally, EDPR approved a remote work strategy, which will be fully implemented post-pandemic. The Company believes remote work is key to improve flexibility, work life balance and overall wellbeing of its team, whilst still being productive. Therefore, employees will be able to work remotely 2 days per week, where feasible.

In addition, the Company created a wellness platform to further development a wellness culture and promote healthy habits. The programs promoted by the platform aim to generate a culture in which employees choose to adopt healthy habits voluntarily, sharing their experiences, forming support networks to facilitate the process and motivating each other. EDPR also shared several health, wellbeing and home office tips in its intranet throughout the year. To raise awareness regarding mental health specifically, EDPR launched the *Mind Your Mind* campaign in October, which promoted educational talks with specialists, employees and other key speakers on how to approach the topic especially during the current social context.

Furthermore, EDPR has a volunteer program addressed to its employees in order to promote social responsibility, giving them the opportunity to grow not only at work but also personally while also contributing to the society. As a result, EDPR employees are given 4 hours a month to dedicate to volunteering initiatives. During the COVID-19 pandemic, EDPR reinforced the volunteering activities proposed, adding initiatives that run on an online model and adding the possibility to make donations to support the health and wellbeing of the society during this global crisis.

### Diversity & Inclusion

EDPR incorporates the principles of Diversity and Inclusion in its values and practices as it is aware that a diverse team helps bring together different perspectives and know-how, and represent different sources of talent. Specifically, EDPR aims to contribute to improving the quality of life of its employees, eliminate career barriers and promote gender equality, seeking to ensure an environment of openness in a workplace where mutual respect and equal opportunity prevail.

In 2020, EDPR created a Diversity & Inclusion Committee to promote its commitment to these crucial principles. The main goals of the Committee are to reflect the Company's strategy on D&I, which integrates the definition and development of initiatives that contribute to a global action plan and local action plans, and to foster sharing knowledge and best practices. Even so, as a responsible company, EDPR aims to actively promote these values among its team. Thus, during 2020, EDPR launched *SHE*, an interactive game-based learning to mitigate unconscious biases, and launched a Diversity, Equity, and Inclusion online training session. As a recognition of its great commitment to gender equality, the Company entered the Bloomberg Gender Equality Index for the first time in 2020. EDPR is therefore included in the list of 325 companies making the largest strides in the transparency of gender-related information and in promoting women's equality around the world.

EDPR is dedicated to continuously fostering a culture founded on human equality and the strength in diversity and will continue to lead by example. The Company upholds its commitment to Diversity & Inclusion not only through words, but through actions that truly make a positive impact on people.

## Growing with the company

People are EDPR's most important asset, and that is why the Company invests in intergenerational knowledge sharing and in the ongoing training of its team. In this sense, EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company. The growth and development of the Company's business leads EDPR to invest in the employees by discovering, improving and emphasising the potential of each mainly through internal mobility, training and development actions.

### Mobility

EDPR considers both functional and geographical mobility as a tool that contributes to the organisational development by stimulating employees' motivation, skills, productivity, personal fulfilment and fostering the share of best practices. The mobility processes within EDPR aim to respond to the different challenges and needs of the Company, considering the characteristics of the different geographies. In 2020, despite the global pandemic, there were 85 mobility processes (2 more than in 2019), 62 of which functional, 12 geographical and 11 both functional and geographical mobility processes.

### Training

EDPR offers job-specific ongoing training opportunities to contribute to the improvement of knowledge and skills, as well as specific development programs aligned with the Company's strategy. The 360 potential appraisal process is created for all employees with the goal of defining each person's training needs along with their manager, which is then used to define a customised Training Plan. The annual Training Plan is based on a catalogue of programs that is constantly evolving and is aligned with the Company's challenges and new markets. The key aspect about the courses offered is that they usually contain subjects to promote the development of skills needed to ensure the sustainability of EDPR's business. Moreover, the networking and the share of best practices foster innovation and improve performance

During 2020, EDPR delivered a total of 49,505 training hours throughout 2,627 sessions that included 28,588 participants. This translates into an average of 30 hours of training per employee and results in 96% of EDPR's team receiving training. The challenges that the COVID-19 pandemic brought to the training activities were successfully overcome by redesigning and adapting training contents and sessions to virtual, e-learning or remote formats. This effort allowed to maintain the main training ratios aligned with previous years, increasing the training courses delivered in e-learning, live webinars or other non-synchronous including game-based training (a total of 76% of training hours or 93% of the attendances were delivered in online methodology). Therefore, EDPR highlights Digitalisation as one of the main training drivers that accelerated during 2020 as a result of the methodologies and by contents increasingly delivered on Collaborative Tools (Microsoft 365 suite), Agile methodologies, Data Analyse tools, Cybersecurity, use of Drones, SMART business or Artificial Intelligence.

### Knowledge management

EDPR is aware of the importance of Knowledge as a valuable asset within the business and in employees' development. Thus, EDPR is boosting LINK as a knowledge platform increasing the number of areas, domains and curated documents with valuable content captured and shared across the organisation, to help its employees learn from the past to face future challenges and move the company forward. During 2020, EDPR launched *40fiveminutes*, an online initiative to easily share main business insights in a friendly and informal way to those employees who sign up to the sessions. Becoming a Learning Organisation implies a strong knowledge sharing mind-set, so EDPR strives to improve the use of knowledge by regularly distributing customised relevant documents or events, working to overcome additional challenges brought by COVID-19.

### Development

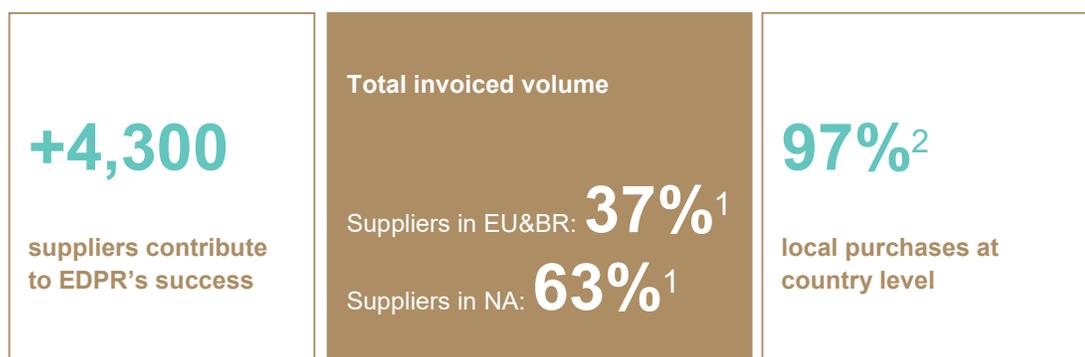
In order to support the company's growth, aligning current and future organisational demands with employees' capabilities as well as to enhance their professional development, EDPR has designed development programs for middle management, providing them with proper tools to take on new responsibilities as well as to adapt to the new challenges leading teams remotely. In 2020, one of the most important development programs was the Lead Now Program, which aims to support middle managers in the role they are assuming as team leaders. Participants have the possibility to self-assess their management style, go deeper into the skills needed and get to know the role they are performing in the different HR processes of EDPR. Through short online sessions, 3 editions took place in 2020 and reached 42 employees. Despite the pandemic, EDPR worked to adapt the development sessions to a new online format and maintained the internal promotions.

### 3.3. Supply chain capital

EDPR's market leadership, based in value creation capacity, innovation and relationship with its stakeholders, is much influenced by the performance of its suppliers.

Technical excellence together with sustainability is the basis of EDPR relationship with suppliers. This results in close collaboration, joint capacity to innovate, strengthen the sustainability practices and improve the quality of the Company's operations.

#### Key data



#### EDPR's supply chain

EDPR has a strong and permanent interaction with its supply chain, in particular with the strategic suppliers understood as WTG (Wind Turbine Generator) manufacturers and suppliers, Balance of Plant (BOP) and Operation and Maintenance (O&M) contractors. Those suppliers contribute in a meaningful and visible way to the value of EDPR core activities – construction and operation of wind farms and solar plants. This close relationship allows EDPR to benefit from all the new technical solutions and innovations available on the market to maximise the value creation in the projects worldwide.

#### High quality and sustainable procurement

EDPR's procurement process is developed within the framework of the Procurement Policy, which extends to EDPR's both direct and indirect suppliers, and from which the most relevant aspects for EDPR regarding the supply chain's high quality and sustainability are established: development of activities that promote the sharing of the best sustainability practices in EDPR purchases; contribution to the growth and profitability of the business through the promotion of initiatives for the progress and continuous improvement of the supply chain; systematic monitoring of suppliers' performance and risk profile; dissemination and implementation of EDPR's sustainability policies (Environmental and H&S policies and Code of Ethics) in the acquisition of goods and services and involvement and empowerment of all actors in the supply chain.

Implementation of the Procurement Policy leads to a better control in the suppliers' management process, assuring EDPR values are respected, product quality is high and risks are minimised.

EDPR has in place requirements related to Sustainability, Quality and Risk management that have to be met by its suppliers throughout the main procurement phases: registration process, contracting and, lastly, the monitoring and evaluation of the suppliers.

<sup>1</sup> Weight of each platform on the total invoiced volume in 2020.

<sup>2</sup> EDPR defines spending in local suppliers at a country level as purchases to suppliers in countries where EDPR is present divided by the total invoiced volume in 2020.

## Registration

The registration process is an indispensable requirement for any company who intends to become a supplier or apply for a qualification process issued by EDPR. The Corporate System of Supplier Registration of the Company works as the support to search and select suppliers by providing detailed information, validated and updated by credible sources in order to guarantee their accreditation through financial, technical quality and sustainability criteria.

In 2020, EDPR implemented a Supplier Qualification Process. The main goal of this process is to provide a more thorough analysis on critical topics such as technical capabilities, health and safety, environment and ethics, and to establish highly standardised minimum requirements to ensure that the suppliers with whom EDPR conducts business are qualified. The qualified suppliers are included in a Suppliers Qualification List and are able to participate in the EDPR bidding and contracting processes.

## Contracting

The incorporation of adequate criteria in the bidding and contracting processes of the company is essential to ensure the management and mitigation of operational risks in the supply chain. In Europe & Brazil, EDPR has a Suppliers Sustainability Guide in place for both construction and O&M operations, providing an overview of the sustainability requirements EDPR expects its suppliers to meet. The guide includes H&S, environmental and ethical requirements such as compliance with applicable regulations, policies, internal norms, procedures and systems in place. In addition, EDPR has implemented a process that classifies suppliers according to their H&S and environmental risks. The classification serves as an input in the selection of suppliers during the bidding phase. Based on the individual values obtained in this classification, suppliers may be excluded from the bidding process. If the supplier wants to be re-considered or participate in new processes, an action plan to solve the identified issues has to be presented and EDPR shall approve the action plan proposal.

Adequate compliance by all EDPR suppliers with applicable H&S and environmental requirement is essential to guarantee the correct performance of the contracted services and works. Aiming to ensure that suppliers comply with these requirements, the Company has established a disciplinary and sanctioning regime, which is included in all requests for proposal, contracts and purchase orders so any provider will be always informed about the consequences of not complying with EDPR H&S and environmental requirements.

In parallel, financial capacity of the suppliers and their insurance policy are evaluated according to the EDPR's Credit-in procedure that defines the requirements to ensure the compliance with EDPR's Counterparty Risk Policy and the proper follow-up of active guarantees. EDPR Counterparty Risk Policy sets the methodology and process to measure counterparty risk of new contracts, monitor counterparty risk of existing contracts, define in which moments and situations it should be used and establish guidelines and mitigation instruments to reduce counterparty risk when they exceed established limits.

## Monitoring and evaluation

In order to guarantee that the suppliers comply with the previously mentioned requirements, EDPR monitors strategic suppliers during their services delivery.

EDPR performs internal inspections during the construction and operation phases to monitor the suppliers performance regarding environmental and H&S aspects and to identify potential risks. In 2020, EDPR performed 1,262 inspections to 156 suppliers regarding EHS procedures. As a result, the Company identifies corrective actions needed and establishes an action plan for continuous improvement. Furthermore, EDPR hires an external party for additional supervision in these areas. These processes are reinforced by the integrated Health and Safety and Environmental Management System, which was developed and externally certified in 2020 according to international standards ISO 45001 and ISO 14001.

Moreover, EDPR has Compliance questionnaires related to the anti-corruption practices of the suppliers to ensure that they are all aligned with EDPR's Anti-Corruption Policy. In addition, EDPR approved of a Third Party Integrity Due Diligence procedure in 2020, reinforcing the mechanisms for identifying and preventing possible integrity risks for EDPR in the relationship with third parties.

All parameters of the Qualification system are periodically reviewed and reassessed by EDPR to guarantee that supply chain performance remains on the high quality level required.

## 3.4. Social capital

EDPR believes it is indispensable to contribute to the development of the society respecting both human and labour rights and creating value in different ways, for different people. With this in mind, the Company is guided by four key social responsibility principles: guarantee the highest health and safety standards, respect human and labour rights in the whole value chain, contribute to the society and promote access to energy for all.

### 3.4.1. Guarantee the highest health & safety standards

The health and safety of those who contribute to EDPR's activities is a key value and a priority for its success. Therefore, the Group aims to promote and build on a positive safety culture in which every employee, service provider and supplier is engaged. According to its Code of Ethics, EDPR undertakes to give priority to the employees and suppliers' safety, health and wellbeing and to ensure the development of appropriate occupational health and safety management systems.

The commitment to guarantee the welfare of employees and contractors is supported by EDPR's Occupational Health and Safety Policy. In 2020, EDPR updated this policy after carrying out its in-depth and detailed review, mainly to ensure it is line with the new demands and trends of work motivated by the evolution of the business and the digitalisation of processes.

In 2020, the COVID-19 pandemic resulted in a new way of living and working through strengthened H&S measures, adaption of work arrangements, and management of stress and other psychosocial risks. Following the initial outbreak of the pandemic, EDPR implemented a Response Plan focused on protecting employees, local communities and the business continuity, quickly taking measures to minimise the conditions for the virus to spread, focusing on people's health and keeping essential services in operation.

In February, EDPR implemented travel restrictions, adopted measures for those who had recently been in affected areas and distributed hand sanitizers in its facilities. In early March, EDPR activated the Contingency Plan and implemented home office in all geographies and restricted visits to its facilities, while continuously communicating with employees regarding any updates on the situation and providing instructions in case of a positive or possible infection. At the end of July, AENOR granted an external certification to EDPR's protocols and action guidelines that had been implemented during the COVID-19 pandemic. The certification, which was renewed through a new audit in October, highlights and recognises the proper application of good practices throughout the management process of the pandemic, and also verifies that the implemented protocols are in accordance with the regulations and best practices set out in order to deal with the risks associated with COVID-19 in the Company's facilities. The certification covers all of EDPR's activities: project development, construction and operation, and all the associated activities developed by EDPR.

At the end of the year, employees continued to have the option to work from home or to gradually return to facilities according to a Reopening Plan with geographical specifications, guaranteeing the highest health and safety standards for all and complying with legal and space limitations.

In addition, the Company created a wellness platform to further develop a wellness culture and promote healthy habits. The programs promoted by the platform aim to generate a culture in which employees choose to adopt healthy habits voluntarily, sharing their experiences, forming support networks and motivating each other. EDPR also shared several health, wellbeing and home office tips in its intranet throughout the year. To raise awareness regarding mental health specifically, EDPR launched the *Mind Your Mind* campaign in October, which promoted educational talks with specialists, employees and other key speakers on how to approach the topic especially during the current social context.

Even though 2020 was an atypical year, the Company gave its best effort to adapt to the current pandemic focusing mainly on preventing infections, arranging its work activities to implement a global home office regime, preparing an adequate plan to return to the physical facilities and raising awareness for mental health and wellbeing, while always putting the health and safety of its employees first.

EDPR team's commitment and capacity to adapt by working together while apart allowed the Company to keep achieving and surpassing its 2020 ambitious goals. In line with its Business Plan, the Company built 1,580 MW during the year, comparing to 888 MW in 2019. This growth is consistent with the increase of worked hours (+57% YoY) which, in turn, is reflected on the number of work-related injuries. During 2020, EDPR registered 24 work-related accidents with absence for employees and contractors, compared to 10 in 2019. The injury and the lost day rate were 1.9 work accidents per million hours worked and 68 days lost due to work accident per million hours worked, respectively.

Nonetheless, EDPR continuously works to improve these ratios and to bring awareness to the best H&S practices. Following the reference provided by the international standards ISO 14001:2015 and ISO 45001:2018, EDPR merged the Environmental Management System with the H&S Management Systems for a more global and efficient approach, simplifying processes and managing the potential risks of its activity. In 2020, the new Health, Safety and Environment Management System (HSEMS), where synergies play a fundamental role, was implemented and jointly certified by an independent certifying organisation.

The implementation of this integrated system allows for better management and prevention of future accidents, with the objective of zero accidents overall. The commitment to health & safety is further supported through the ISO 45001 certification. By the end of 2020, this certification covers 100%<sup>1</sup> of EDPR's installed capacity.

### 3.4.2. Respect human and labour rights

At EDPR, it is top priority to promote human rights and fair labour practices across the entire value chain. The Company is committed to integrate the social aspects in planning and decision-making and to guarantee responsible operations throughout the whole lifecycle of its business.

As a result, EDPR undertakes to respect and foster due respect for these practices within the Company and in its supply chain, as well as to provide dignified working conditions for all. This is reflected in the Code of Ethics, which contains specific clauses regarding non-discrimination and equal opportunities, in line with the Company's culture of diversity and respect for human and labour rights. The Code is not an isolated feature – it belongs to an Ethics Framework that includes functional units, specific regulations, monitoring and accountability for our ethical performance, along with training, awareness-raising and capacity building for employees, service providers and suppliers.

EDPR requires its suppliers and service providers to comply with their ethical standards. In this way, the alignment with the spirit of EDPR's Code of Ethics is required. Moreover, the Sustainable Procurement Policy references the promotion of respect for dignity and human rights, and the rejection of any form of forced labour or child labour, harassment, discrimination, abuse or other types of physical or psychological violence.

A Code of Ethics channel is available for the communication of any breach of the Code related to the matters of human rights or labour practices, including those in the context of the supply chain. The Ethics Ombudsman receives ethical-related complaints, investigates and documents the procedure for each of them. A preliminary report is then submitted to the Ethics Committee, whose main goal is to ensure compliance with the Code of Ethics within EDPR.

As a responsible company, EDPR incorporates the principles of Diversity and Inclusion in its values and practices as it is aware that a diverse team helps bring together different perspectives and know-how, and represent different sources of talent. Specifically, EDPR aims to contribute to improving the quality of life of its employees, eliminate career barriers and promote gender equality, seeking to ensure an environment of openness in a workplace where mutual respect and equal opportunity prevail.

In 2020, EDPR created a Diversity & Inclusion Committee to promote its commitment to these crucial principles. The main goals of the Committee are to reflect the Company's strategy on D&I, which integrates the definition and development of initiatives that contribute to a global action plan and local action plans, and to foster sharing knowledge and best practices.

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<sup>1</sup> Calculation based on 2019YE installed capacity. EDPR certifies the facilities the year after the COD (commercial operating date). Thus, the facilities that have entered into operation in 2020 will be certified in 2021.

### 3.4.3. Contribute to the society

The Company believes that besides excelling in the way it performs, there must be a main factor weighing in every action or activity EDPR does – people. The Company considers that in order to have a positive impact on society, it is vital to work for the common good by promoting and supporting social investment activities.

EDPR's Social Investment is developed within the framework of its Social Investment Policy, which establishes the corporate objectives and strategies related to this area. As a result, EDPR invests in activities that will positively impact the promotion and development of the following four main priorities:

- **Lift Up Our Heritage:** Protect and promote cultural heritage, local traditions and access to culture and art, contributing to a more vibrant and creative society;
- **Build Up Community:** Build thriving and inclusive communities by improving the living conditions of those in need and supporting the wellbeing of people near our projects, and focus on enhancing energy inclusion and access to energy;
- **Enhance Our Environment:** Promote and protect biodiversity and natural heritage for the benefit of society members;
- **Brighten Up Our Future:** Promote energy efficiency, renewable energy and decarbonization through increased awareness, supporting education on renewable energy for all.

As an integral part of the communities where it operates and as stated in its Code of Ethics, EDPR undertakes to maintain a relationship of proximity with the local communities engaging in regular and open dialogue, seeking to know their needs, respecting their cultural integrity and looking to contribute to improve the living conditions of local population, taking measures to consider and respect the community interests. Therefore, in line with its Social Investment Policy and the communities' needs and expectations, EDPR has defined a Catalogue of Activities that works as a tool for defining the social investment made in local communities. In addition to the development of social activities, EDPR provides long-lasting economic benefits to the surrounding areas that include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments and job creation.

EDPR's social investment in local communities during 2020 was much influenced by the COVID-19 pandemic. Faced with this unprecedented situation, EDPR carried out a solidarity campaign distributing over €1 million in aid and setting up initiatives in all its markets to help local communities overcome the pandemic and recover from the socioeconomic crisis. EDPR helped people in need mostly through donations to food banks, purchases of healthcare equipment, medical devices and rapid testing kits, and the facilitation of online learning and digital educational materials. The Company has provided support in all 15 countries where it is present: Spain, Portugal, France, Belgium, Italy, Poland, Romania, Greece, Brazil, Colombia, USA, Canada and Mexico, as well as Mozambique and Nigeria through the A2E program. EDPR's response to the global crisis is aligned with its commitment to preserve a relationship of proximity with the local communities and support its development.

However, as a responsible company, EDPR works to promote the well-being and development of not only the communities where it operates but also of society in general, focusing on the people who contribute to the success of the Company's business and how society may benefit from it. In addition, EDPR has a volunteer program addressed to its employees in order to promote social responsibility, giving them the opportunity to grow personally while also contributing to the society. During the COVID-19 pandemic, EDPR reinforced the volunteering activities proposed, adding initiatives that run on an online model and adding the possibility to make donations to support the health and wellbeing of the society during this global crisis.

In 2020, EDPR invested in the development of the society mainly through internally developed and collaborative initiatives, donations to charitable organisations and volunteering activities.

## Key data



### 3.4.4. Promote access to energy for all

As a global leader in the renewable energy sector, EDPR defined a clear strategy for promoting Access to Energy (A2E): to provide clean energy in developing countries based on energy efficiency and decentralised renewable energy solutions, that promote the sustainable development of the communities involved.

Access to renewable energy makes the difference for people not connected to the electricity grid not only by providing sustainable energy services but also by enabling improvement on health and education conditions, job creation and new economic activities. Moreover, the use of clean energies and the promotion of energy efficiency has a positive impact on the environment.

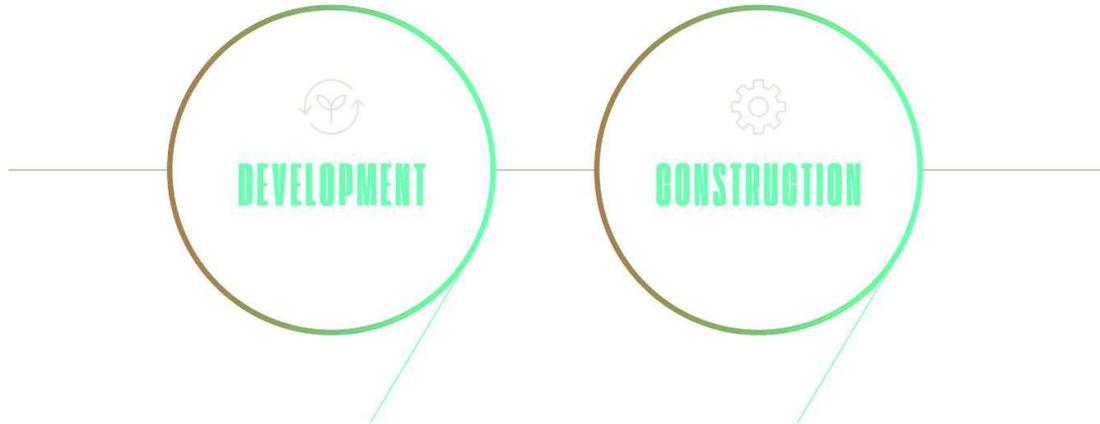
In 2018, EDPR purchased a stake in SolarWorks!, a company engaged in the marketing of decentralised solar energy solutions for off-grid domestic and business customers in Mozambique. The acquisition of the €2.2 million minority stake was an important step in the group's strategy for universal access to sustainable energy. In 2019, EDPR reinforced its strategy to promote universal access to sustainable energy by investing \$2.9 million in Rensource, a company that develops and manages decentralized solar energy systems, to support its expansion in Nigeria. The investment, which was the result of a financing initiative completed by EDPR and other international investors, allowed EDPR to participate in Africa's largest market and to bring sustainable, low-cost energy solutions to more communities.

**These investments confirm the progress of the A2E strategy, which includes the commitment to invest €20 million until 2022 with the goal of impacting 550,000 people in developing countries.**

The A2E initiative powerfully contributes to make EDPR's vision of a sustainable, safe and healthy world a reality.

### 3.5. Natural capital

Wind and solar power are two of the most environmentally friendly ways of producing energy and actively contribute to the decarbonization of the economy. Even though EDPR's business inherently implies a positive impact on the environment, the company continues to work on a daily basis to hold itself to a higher standard.



The Company's sustainable future depends on solid performance efforts during the development phase. Therefore, EDPR implements relevant measures during this stage to identify and prevent the impacts of its activities on the environment.

After identifying sites with top-class resource conditions, EDPR carries out environmental viability studies to detect the environmental constraints to take into consideration throughout the remaining phases of the value chain.

The potential environmental impacts of each project are assessed in detail in the Environmental Impact Studies and other specific studies, and are always performed by professional external experts. These studies evaluate the potential impacts that a project may have on environmental aspects such as fauna, flora, soil, air and water bodies, among others.

This process ensures the location of projects in the best sites, guaranteeing respect for the environment.

**During 2020, EDPR invested more than 4.4 million euros in Environmental Impact Studies of its projects in the development phase.**

The construction process is closely followed by EDPR teams, who work to minimise potential impacts or disturbances and to ensure proper restoration of the land once the works finish.

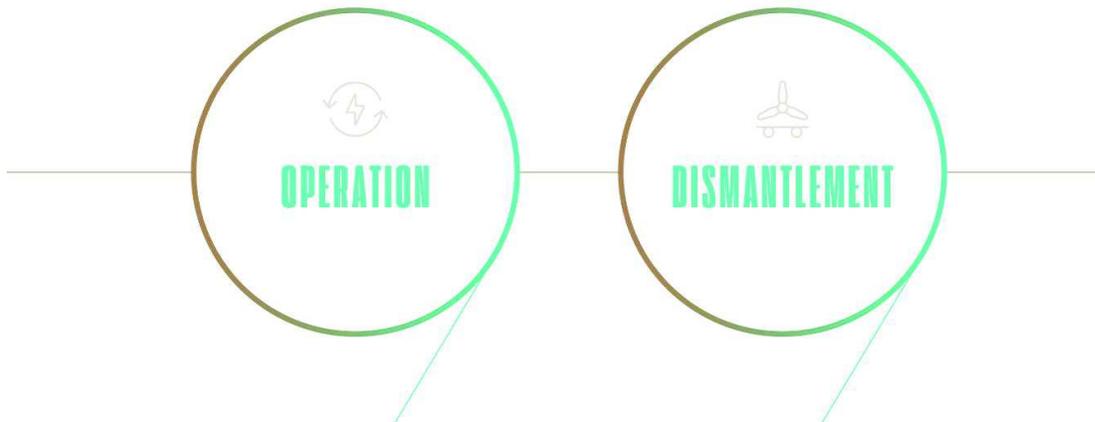
Even so, since the success of the construction phase highly depends on suppliers, EDPR requires that they adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR's Environmental Policy and internal norms, procedures and systems in place as regards to environmental management.

In order to guarantee that the suppliers comply with the environmental requirements during constructions, EDPR has an environmental monitoring plan in coordination with the Construction Manager and the suppliers, which is implemented by an external party and includes the environmental surveillance during the construction works. Within this framework, the Company performs internal inspections to monitor the suppliers environmental performance during construction.

**In 2020, EDPR performed about 450 inspections to more than 50 suppliers regarding their environmental and H&S procedures during the construction of the Company's projects.**

**Beyond the emissions related to the operation phase, from a life cycle point of view, others shall be considered (manufacture of components, transport, construction...).**

EDPR's Environmental Policy assumes specific commitments with the protection of the climate, the engagement with biodiversity and the preservation of natural resources. This policy allows EDPR to control, manage, communicate and to ensure the continuous improvement of its environmental performance along the entire value chain.



EDPR produces renewable energy, which inherently implies the reduction of GHG emissions. Wind and solar energy have zero carbon emissions and do not produce harmful SO<sub>x</sub>, NO<sub>x</sub> or mercury emissions, protecting valuable air and water resources and contributing to the world's fight against climate change. Also, generation from wind and solar energy does not consume water in its operational processes. Even so, as stated in its Environmental Policy, EDPR seeks to prevent, correct or compensate the potential impact of its activities on the environment through a set of commitments that ensure the implementation and maintenance of an effective Environmental Management System (EMS).

Following the reference provided by the international standards ISO 14001:2015 and ISO 45001:2018, EDPR merged the Environmental with the H&S management systems for a more global and efficient approach, simplifying processes and managing the potential risks of its activity. In 2020, the new Health, Safety and Environment Management System (HSEMS), where synergies play a fundamental role, was implemented and certified by an independent certifying organization.

**In 2020, EDPR's operations avoided the emission of 18.5 million tons of CO<sub>2</sub>. The CO<sub>2</sub> emissions related to EDPR's activities represent 0.2% of the total amount of emissions avoided.**

As a responsible company, EDPR has two main aspects in consideration when dismantling a wind farm at the end of its useful life: land restoration and proper treatment of the wastes generated.

Even though EDPR works to minimise any impact on the land surrounding its facilities, the Company commits to clean up and rehabilitate the sites to return the area to its initial state. In 2020, EDPR developed a guide for environmental management during the dismantlement phase to serve as a framework of best practices to follow and environmental aspects to keep in mind when dismantling a project.

The main waste generated during this phase are dismantled turbines. EDPR prioritises their reuse by keeping some pieces for future repairs, selling some of the material to third parties and recycling it. The wind turbine is around 80%-90%<sup>1</sup> made of recyclable material, as the missing percentage is related to the turbine's blades that are composed and manufactured by complex materials that make it hard to recycle. In this regard, EDPR is working to support processes to recover the blades and encourage circular economy.

**In 2020, EDPR finished the morphological and vegetal restoration of the Zas wind farm in Spain, which was dismantled for repowering in 2019, restoring 100% of the hectares impacted.**

**EDPR wind farms with a projected life span of 30 years will pay back its life cycle energy consumption in less than a year<sup>1</sup>, meaning, more than 29 years of a wind farm's life will be producing clean energy.**

<sup>1</sup> According to the life cycle assessments of our main turbine suppliers.

## 3.6. Digital Capital

The digital journey is a never-ending transformation given the rapid evolution of Technology and its big impact on the Business and the People.

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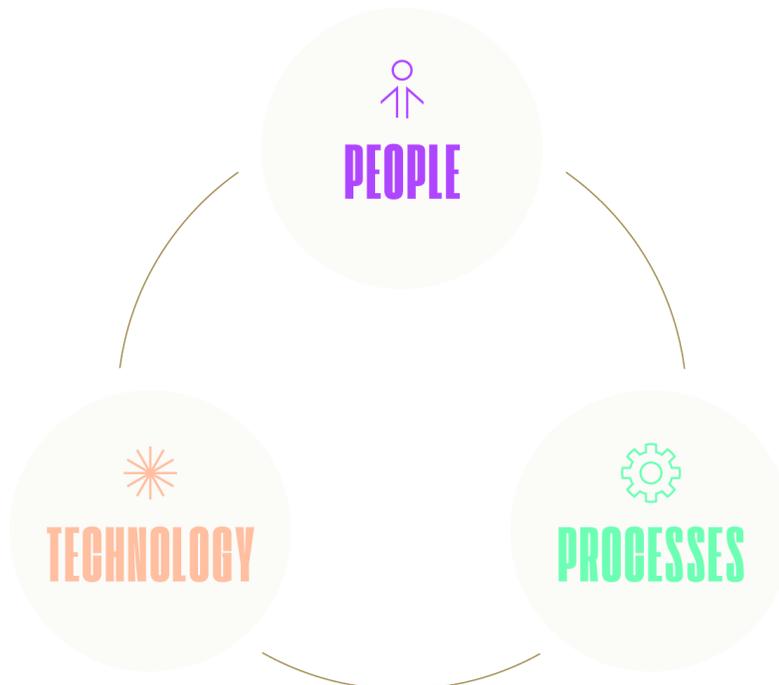
“Digitalise” is one of the action verbs of EDPR, that includes a very significant number of innovative projects with the same purpose: “Business transformation” and “Business culture”.

In the end, the focus is continuously improving user experience and operation to maximise operative efficiency and revenues, ensuring the best practices supported by technology and new trends: Robotics & Automation, Analytics, Big Data & AI, AR/ VR, Blockchain, Digital Platforms, Drones, Internet of Things (IoT) and “Mobile e Social Media”.

During 2020, EDPR invested €12 million during in Digital projects and obtained a score of 3.48 on a scale of 1 to 5 in the “IDC Digital Maturity Index” (compared with 3.02 of score in 2019).

The “Digital Maturity Index” is an internal evaluation that fosters the continuous improvement mindset in EDPR. In 2020, the followed model was established by IDC, “The Future Enterprise”, based in five pillars: 1) Leadership at scale; 2) Empathy at scale; 3) Work model at scale; 4) Resilience at scale; 5) Insight at scale.

Digital transformation is one of EDPR's strategic pillars for the coming years, as we must continue to improve our digital capabilities to stay competitive with our peers as we continue to grow. EDPR's digital strategy involves not just the use of new technologies, but also upskilling and reskilling people to use these technologies, along with a clear definition of the processes that will change from physical to digital.



## Technology

The focus of digitalisation is seen as the way to achieve the necessary capacity to adapt in new contexts and to maximise efficiency in the operation (characterised by high-level performance, in a global geography).

EDPR participated in different typologies of IT/OT projects adapting it to the different business challenges specific needs and level of maturity, to ensure that initiatives are accordingly followed with the best practices of architecture and security:

- “Quick-wins” (small proof of concept; until 2months)
- “mVP” (“minimum Viable Products; from 3 months and until 6 months)
- “Core IT projects” (projects or products to support of business units operation and is included all operation, maintenance and technological evolution of applications and infrastructure such as Big Data)

In 2020, EDPR participated in 15 mVP’s and 7 “quick-wins” and the “Core IT” projects were marked by the commitment to use Cloud applications, with more than 70,000 hours spent in development and maintenance. Big Data technologies continue to be strongly explored by EDPR and it is considered the most appropriate way to respond to the organisation's operational data management needs and as a great solution to support the decision-making of market strategies.

Additionally, within the scope of EDPR Core IT projects, stands out the transformation of the management model to the “Agile methodology”. EDP Group has been changing management of its projects, transforming them from a Waterfall to Agile methodology in order to achieve a greatest flexibility and alignment of all stakeholders (from the developer to the final client), improving team communication and the success delivery of requirements reducing the time to market.

Moreover, Cybersecurity is increasing and it is one of the main points for the operational Business and strategic information definition of the Company. For these reasons, the Security Department has been taking a series of actions to improve its indexes. The BitSight rating is focused on the organisation's cybersecurity risk, with less elasticity. It should be noted that by the end of 2020, EDPR obtained the rating of "Advanced", with 790 points.



## TECHNOLOGY

15

mVP

+70.000H

Core IT Development  
& Maintenance

7

Quick-Wins

### BIG DATA:

- Benchmarking of market strategies
- Operational data analytical

CLOUDREADY

AGILE  
METHODOLOGY

### BITSIGHT SECURITY RATING IN DEC. 2020

Advanced (790 in 900)

## Processes

EDPR is focused on ensuring that business processes are clear, efficient, aligned with business needs, and known to all stakeholders. As such, EDPR's Process Map is based on EDPR Value Chain and critical processes are aligned towards meeting business objectives. In 2020, the efforts were focused on automating and digitalising processes to achieve business requirements with greater efficiency and to help employees spend less time on repetitive tasks. Several programs have been launched to fast-track digital transformation at EDPR:

- The Plan for Optimisation of Administrative Processes has been launched to identify business needs in terms of process digitalisation and automation for every Department in the company. More than 273 initiatives have been identified that would enhance process automation along the different stages of the value chain.
- The use of digital process technology was a priority and an important step to provide digitalisation in support of knowledge work. Moreover, this technology is key to accelerate digitalisation of processes.
- The increasing evolution of Robotic Process Automation (RPA) technology represents an important milestone at EDPR. This technology is performing many of the repetitive and mundane tasks that would have previously fallen on multiple employees across a variety of departments. Currently, 201 different automations are in place throughout EDPR, saving 89,000 hours of employee time and enabling employees to focus on activities that are more valuable.

The challenge in process optimisation is that there's no one-size-fits-all formula: every process needs to be assessed individually. The future is to work smarter, not harder!



### RPA

201

Total RPA

vs 150 in 2019

89.000

Saved hours

vs 40,000 in 2019

37

Number of departments



### BPM & BI

112

Total

vs 70 in 2019

#### SOME OF THE BENEFITS

- Productivity
- Errors mitigation
- Compliance Processes
- Traceability
- Agile organisation
- Prioritizes people
- Costs savings
- Business intelligence

## People

Every change in culture must start with people and when talking about Digital Transformation it means a change in our mindset to become more digital. Digital transformation only takes place if the people with the necessary skills are involved in the process.

Following the training roadmap initiated in 2019 on Digital Upskills, in 2020 different initiatives have been launched towards empowering people in this Digital Transformation Process. "Digital Upskills" is an initiative implemented in 2020, based on the monitoring of digital skills and know-how of employees. The intention is to reinforce an increasingly digital culture and to give new capacities in this phenomenon that are in constant changing. These initiatives are based on the 70-20-10 development methodology, so the roadmap includes not only training moments (10), but also learning initiatives through knowledge sharing and relationship development (20), as well as through on-the-job experiences (70).

During 2020, EDPR delivered 9,496 training hours (19.2% of the total) with 10,753 attendances (37.6%), highlighting ongoing digitalisation initiatives on Cybersecurity, collaborative tools of the O365 suite, exclusive TECH SERIES for the Digital Champions Community (about IA, Being SMART and other cutting-edge topics). In addition, digital contents were another important pillar of the digital skills transformation: new resources coming from eLearning solutions, recorded webinars conducted internally by employees or the recent addition of the UDEMY for Business portfolio with +5,000 online courses added to the learning offer at EDPR.

At the end of 2020, 81% of the employees received training in digitalisation during the year, reaching a cumulative total of 86% of the headcount in the period 2019-2020.

EDPR maintains the discussion during regular meetings in our Digital Skills Committees composed by the main stakeholders in this field and lead by the CEO whose main objective is to foster digital skills or mindset as part of the Digital culture and promote collaborative skills to work more efficiently, the automation or robotisation of tasks and processes as part of the digital transformation path.

Employee involvement is considered key in this process and therefore the Digital Champions community remained active during 2020. Employees with special digital capabilities, ability to work with collaborative tools and specific knowledge and concerns on digital technologies are part of this program to extend the Digital Mindset throughout the Organisation.

New initiatives are expected to be launched regularly in order to reinforce and ensure that a digital culture is spreading all over the Company and that everyone is on board with the changes that will happen across the business.

## 3.7. Innovation Capital

Technical innovation is one of the hallmarks of EDPR. The Company's history is built on the continuous searching of new trends and solutions in energy production to meet its stakeholders expectations. Accordingly, EDPR develops projects within the framework of its two main strategic pillars for Innovation: Cleaner Energy focused on sustainable power generation, and Energy Storage & Flexibility to ensure a smoother transition to an energy mix system.

### CLEANER ENERGY



#### Repowering

When approaching the end of its lifespan, wind turbines need to be assessed. One of the solutions implemented by EDPR is repowering the wind farm, which means reducing the overall number of wind turbines and replacing them with more efficient ones. This results in a net increase of power generated, reduced O&M costs, reduced land area per MW and, due to the use of more modern wind turbines, a better integration with the grid and reduced noise pollution.

Last year, EDPR successfully repowered its first wind farm, located in Spain. During 2020, EDPR had another wind farm in Spain going through this repowering process, and will continue to implement this solution throughout its portfolio.

#### Predictive Diagnostics & Performance Improvement

Through advanced analytical technics, EDPR detects failures in early stage or high degradation levels in components/systems to avoid unplanned maintenance. EDPR's main focus has been in detections in major components (Gearbox, Generator, Main bearing, etc.), repairing uptower instead of replacing the components or saving offline time, but also includes other detections with lower impact in other systems.

After investigating the most important technical issues which impact production losses or costs, EDPR installs retrofits to reduce/mitigate that impact and foster performance improvement. These include simple



#### Bifacial panel

EDPR is participating in some innovative projects to collect more data and know-how on new technologies of solar energy with the objective to anticipate trends and to improve return of investment (ROI) in this technology. An example of one of these projects, which started in 2020, is a photovoltaic system with innovative bifacial panel and 1 axis tracker, in Évora, proven to be more efficient than a traditional alternative.

#### Controlling, monitoring and optimising software

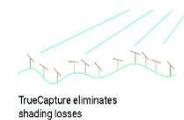
In 2020, EDPR installed the TrueCapture technology software in two of its solar sites in North America to increase annual energy production (IAEP). In this initiative, TrueCapture technology allows each row to be tracked independently, providing a greater energy output of the PV plant based on two algorithms: Row-to-Row (R2R) and diffuse.

#### ROW-TO-ROW TRACKING

up to +4%



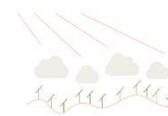
Industry standard backtracking methodology



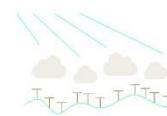
TrueCapture eliminates shading losses

#### DIFFUSE LIGHT TRACKING

up to +2.5%



Conventional tracking



TrueCapture tracking

EDPR's commitment to innovation and new technologies has made it a leader in the renewable energy sector. Currently, the Company continues to take advantage of all expertise obtained since the start of its inception to ensure more efficient solutions, more attractive returns and a more sustainable future. As a result, EDPR engages in projects that englobe wind energy, solar energy, energy storage plants, floating offshore wind farms, green hydrogen and hybrid power plants.

## CLEANER ENERGY

## ENERGY STORAGE & FLEXIBILITY



### HYDROGEN

#### Green hydrogen

Green hydrogen is gaining relevance on the European scene and the European Commission has announced its strategy in 2020, which sets more ambitious targets for this energy and, in parallel, alliances are being established to lead the implementation. Portugal and Spain have a prominent position and believe that hydrogen business can help achieve:

- Decarbonization
- Renewables empowering (to establish renewables revenue)
- Storage & Flexibility improvement

EDPR participated in some initiatives and projects of green hydrogen in 2020, including onshore and offshore systems to evaluate its potential, and it will continue studying what is the best approach of the organization and the right time to consolidate to bet on this promising solution of green energy production.



### BATTERY STORAGE

#### Energy battery storage

EDPR has been working in different projects of energy battery storage. Energy storage reserves renewable energy supply for periods of high energy demand. Increased energy storage capacity can lead to cost savings on both sides of the meter and can improve the overall efficiency of the grid through reduced cycling and changes in output, resulting in lower emissions.

In this context, EDPR developed a combination of solar and storage which was designed to increase efficiency and provide greater balance in energy supply. This represented the Company's first Power Purchase Agreement (PPA) with operative storage system (200 MW of solar energy and 40 MW of energy storage).

EDPR also is testing the use of energy storage system integrated at a PV Station (DC-coupling level) to validate relevant functionalities in this type of solutions (namely clipping recapture, low voltage and cloud-cover energy harvesting, among others).

In addition, EDPR is also present in strategic projects in order continuously develop knowledge in the storage area. A great example of these types of pilot projects is "STOCARE", a power plant where EDPR is studying the application of energy storage combined with wind energy generation.

## 3.8.

# SUSTAINABLE DEVELOPMENT GOALS

## EDPR supplies affordable & clean energy while mitigating the climate change...

EDPR is a global leader in the sector of renewable energy and one of the world's largest wind energy producer, ending the year with 12.2 GW of installed capacity. In 2020, the Company generated 29 TWh of clean energy, a cost-effective way to fight climate change.



Wind and solar power are two of the most environmentally friendly ways of producing energy. EDPR's business inherently implies the reduction of GHG emissions and therefore has a positive impact on the environment. In 2020, EDPR's activities avoided the emission of 18.5 million tons of CO<sub>2</sub>.



## ...impacting positively on communities & fostering innovative infrastructures & circular economy...



EDPR works to promote the wellbeing and development of the communities where it operates and of society in general. In 2020, due to COVID-19 pandemic, EDPR carried out a €1 million solidarity campaign to help local communities overcome the global crisis and adapted its volunteering activities to an online model. Nonetheless, EDPR maintained its social investment strategy, investing a total of €2.5 million in the development of social activities during the year.



Innovation is part of EDPR's day-to-day reality. The Company is focused on the more disruptive technologies of the industry and is committed to foster innovative solutions throughout its entire value chain. In 2020, EDPR centred on promoting digital skills and 81% of its employees participated in digitalisation trainings.



Even though EDPR is in the renewable energy business, it goes beyond its commitment with sustainability by fostering a culture of responsible operations and circular economy. In 2020, EDPR recovered a total of 76% of the waste it generated, and 94% of the hazardous waste generated.



## ...ensuring decent work, gender equality & preservation of the environment.

EDPR continuously works to provide excellent conditions for its employees, grow and develop talent at all levels and optimise its employment policies and labour practices. As a result, EDPR has been recognised by the Top Employers Institute as one of the best companies to work for in Europe in 2020.



EDPR's Code of Ethics contains specific clauses of non-discrimination and equal opportunities, fostering respect for all employees. The commitment of the company to equality and advancing women in the workplace was further recognised when EDPR entered the Bloomberg Gender-Equality Index for the first time in 2020.



EDPR's business is its best contribution to reduce biodiversity loss. Nevertheless, the Company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 2020, EDPR finished the morphological and vegetal restoration of the Zas wind farm in Spain which was dismantled the previous year, restoring 100% of the hectares affected by the project.

