

EDP Redes España, S.L.U and subsidiary companies

Management Report

Appendix - Partial consolidated non-financial information 2020

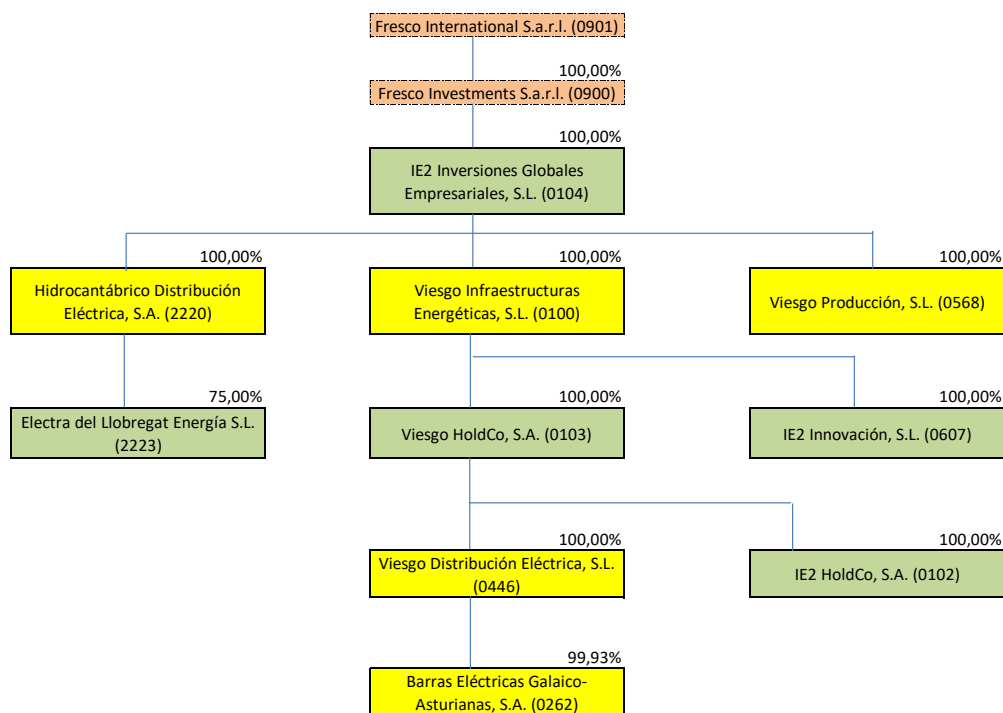
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EDP Redes España, S.L.U and subsidiary companies

1 Business model

The EDP Redes España subgroup was created on 31.12.2020 upon the culmination of the acquisition process of 100% of Viesgo group from Macquarie, through the subsidiary EDP Iberia, SLU, 24.9% of the total distribution business being simultaneously assigned in this acquisition to such fund, and resulting in the structure shown in the diagram below: EDP Redes España is a subgroup that belongs to the EDP España group, integrated in turn into the Portuguese multinational EDP, world energy leader and one of the main operators in the Iberian Peninsula, present in 19 countries and 4 continents. EDP has 12,180 employees, out of which 1,512 belong to the EDP España group, and it is present in the entire electricity value chain and in the gas retail activity.



The received information corresponding to financial year 2019 is not comparable to the information included in the Non-Financial Report of the Viesgo group due to having sustained changes in the scope of consolidation.

The company has invoked the exemption contained in article 49.6 of the Commercial Code on the grounds of including part of its non-financial information in the Annual Report of the EDP GROUP, based in Portugal, the controlling company of which is EDP ENERGÍAS DE PORTUGAL, S.A., and to which it belongs.

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As at 31 December 2020, the group of companies that comprise the scope of consolidation of EDP Redes España are the following:

Parent company: IE2 Inversiones Globales Empresariales, S.L. (EDP Redes España)

Subsidiaries, whose percentage of ownership is shown in the organisation chart:

- Hidrocantábrico Distribución Eléctrica, SA
- Electra del Llobregat Energía, SL
- Viesgo Infraestructuras Energéticas, SL
- Viesgo HoldCo, SA
- IE2 Innovación, SL
- Viesgo Distribución Eléctrica, SL
- IE2 HoldCo, SA
- Barras Eléctricas Galaico-Asturianas, SA

1.- Production: In 2020, the company has incorporated generation assets from Viesgo Producción S.L. which has two coal-fired power plants, Los Barrios (Cádiz, Spain) and Puente Nuevo (Córdoba, Spain), with a total installed capacity of 1,000 MW. According to the assumed commitment to the energy transition, it should be noted that these thermal plants are currently in the process of decommissioning.

2.- In the transmission activity, the owners of the grids allow the passage of the produced energy. The energy transmission grids are comprised by high-voltage power lines which subsequently channel energy to the distribution grids. EDP Redes España has no transmission assets. In Spain, the transmission activity is carried out by Red Eléctrica de España (REE).

3.- In the distribution activity, the owners of the grids allow energy to be channelled to the supply points. The electricity distribution grids are comprised by high-, medium- and low-voltage lines. Substations and transformation centres are also an integral part of the distribution activity. EDP Redes España has acquired in 2020 the distribution assets of Viesgo and Begasa, doubling its business. EDP Redes España thus has, as at 31 December 2020, 52,415 km of lines (52,200 in 2019, 20,768 from Hidrocantábrico Distribución and 31,432 from Viesgo) and during 2020, it has distributed 7,501 GWh (8,262 in 2019). It has 1,370,924 electricity supply points (668,494 in 2019).

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		Viesgo	Hidrocarbónico Distribución	2020	Viesgo	Hidrocarbónico Distribución	2019
ELECTRICITY DISTRIBUTION INSTALLATIONS	U						
HV overhead lines (50/132 kV)	km	1,745	1,269	3,013	1,745	1,269	3,014
MV overhead lines (5/10/16/20/22/24 kV)	km	8,168	4,831	12,999	8,151	4,826	12,976
HV underground lines (50/132 kV)	km	63	44	107	63	44	107
MV underground lines (5/10/16/20/22/24 kV)	km	2,041	1,729	3,770	2,024	1,684	3,707
LV overhead grids	km	13,920	9,657	23,577	13,863	9,637	23,500
LV underground grids	km	5,610	3,338	8,948	5,587	3,309	8,895
Transformation centres	No.	11,092	6,686	17,778	11,072	6,667	17,739
Transformation centres' installed capacity	MVA	2,674	2,326	5,001	2,670	2,323	4,993
Substations ⁽¹⁾	No.	131	148	279	130	149	279
Transformers in substations ⁽²⁾	No.	194	119	313	194	120	314
Installed capacity in substations	MVA	7,805	5,338	13,143	7,805	5,343	13,148
(1) It includes MV substations (MV/MV and Manoeuvre-Interconnection)							
(2) Power transformers in substations and cold reserves							

		Viesgo	Hidrocarbónico Distribución	2020	Viesgo	Hidrocarbónico Distribución	2019
ELECTRICITY DISTRIBUTION	U						
SUPPLY POINTS	No.	699,326	671,598	1,370,924	696,496	668,494	668,494
Low voltage (< 1kV)	No.	697,964	670,433	1,368,397	695,200	667,339	667,339
Medium voltage (> 1 kV y <36 kV)	No.	1,239	1,139	2,378	1,177	1,128	1,128
High voltage (> 36 kV)	No.	123	26	149	119	27	27
DISTRIBUTED ENERGY	GWh			7,501		8,262	8,262
Low voltage (< 1kV)	GWh			2,131		2,229	2,229
Medium voltage (> 1 kV y <36 kV)	GWh			1,190		1,286	1,286
High voltage (> 36 kV)	GWh			4,180		4,746	4,746

4.- Retail: The retail activity includes the purchase of energy in the wholesale market, the payment of tolls or access tariffs for using transmission and distribution grids, and the sale of electricity and gas to the end consumer. It has 1,139,005 electricity customers (1,166,182 in 2019) and 898,000 gas customers (903,181 in 2019). EDP Redes España is not engaged in the retail activity.

2. Stakeholders

The management of stakeholders is a priority for EDP, which aims to maintain a close and transparent dialogue with all those to whom it relates, playing an increasingly distinctive role for the business. Building and strengthening relations of trust, sharing relevant expertise and information, anticipating challenges and identifying new opportunities for cooperation with the stakeholders are the main goals of the EDP's Policy on the Relationship with Stakeholders.

The management of stakeholders is an exercise in exigency and transparency by companies in their relationship with society and, in particular, with all those that have an impact on or are impacted by their activities. EDP identified this challenge several years ago, and it has created clear methodologies

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and operating tools to systematise the relationship of the Group with its stakeholders in all its activities and projects, regardless of their geographical scope.

Thanks to the continuous improvement in this sphere, EDP has been internationally recognised, obtaining the maximum score as regards its commitment to stakeholders in the Dow Jones Sustainability Index in the last three years.

EDP's management of stakeholders extends to EDP redes España.

The bases of the Relationship Policy are:

TO UNDERSTAND

Include, identify, prioritise

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

TO COMMUNICATE

Inform, listen, reply

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

TO TRUST

Transparency, integrity, respect, ethics

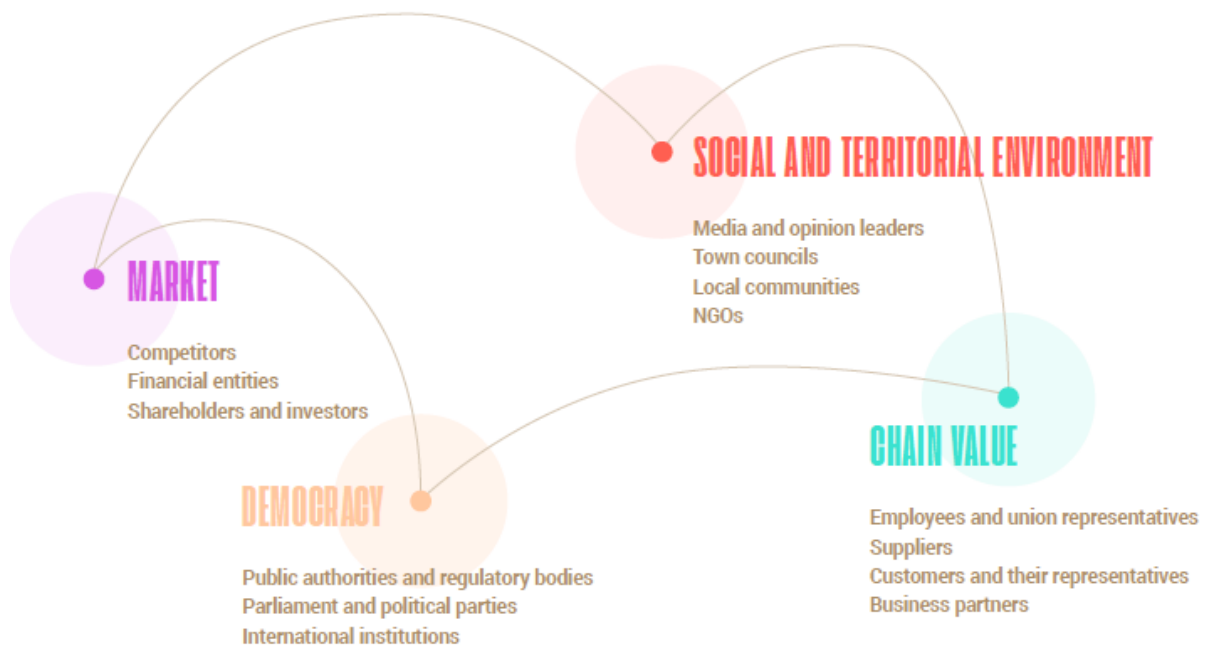
- We believe that fostering an environment of trust with our stakeholders is crucial to establish steady long-term relationships.
- Our relationship with our stakeholders is based on values such as transparency, integrity and mutual respect.

TO COLLABORATE

Integrate, share, cooperate, inform

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

The segmentation of the stakeholders is as follows:



3. Materiality

In 2020, 21 categories grouping 60 topics have been identified.

The most relevant categories in 2020, on an external level, have been:

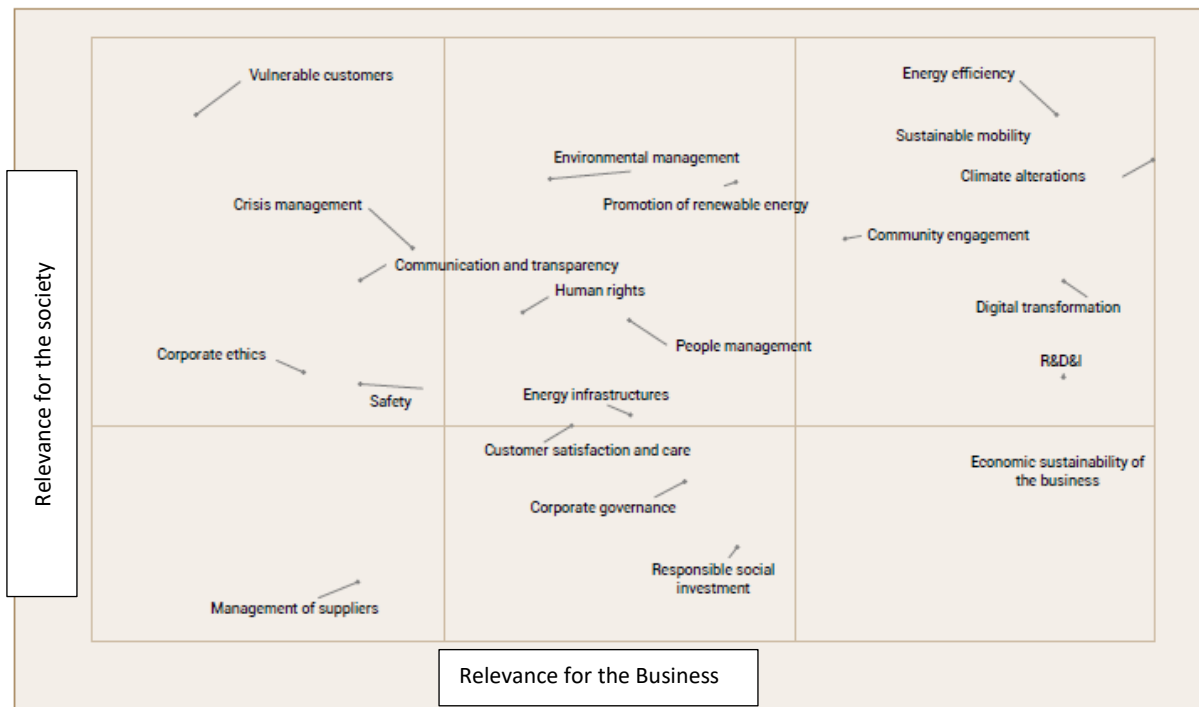
	2020
Sustainable mobility	93%
Energy efficiency	93%

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Vulnerable customers	93%
Climate alterations	89%
Promotion of renewable energies	86%
Environmental management	86%

The most relevant categories in 2020, on an internal level, have been:

	2020
Climate alterations	100%
Sustainable mobility	90%
Energy efficiency	90%
Digital transformation	90%
R&D	90%
Business sustainability	90%



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The matrix is obtained from the analysis of internal and external relevance. It is divided in 9 sections that represent the materiality level in each category. The materiality level is determined by the degree of relevance of each line.

	CRITICAL RELEVANCE (very relevant for the society and the business)
	SENSITIVE TOPICS FOR THE BUSINESS (very relevant for the society and not much relevant for the business)
	HIGH RELEVANCE (medium-high relevance for the business and medium-low relevance for the society)
	MEDIUM RELEVANCE (medium relevance for the society or medium relevance for the business)

The materiality study is conducted on an EDP España group level, which includes EDP Redes España.

4.- Indicators and policies

The most important policies of EDP España with regard to the sustainability indicators are:

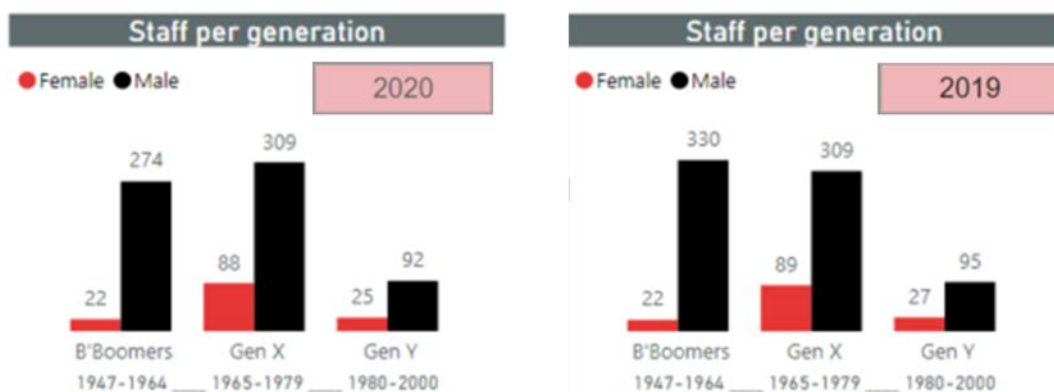
- The environmental policy
- The sustainable development principles
- The policy on the relationship with stakeholders
- The quality policy
- The policy on occupational health & safety management
- The training policy

They may be checked on the website: <https://www.edp.com/es/sostenibilidad>

The indicators completing the non-financial information reported by the EDP group are described below.

Distribution of the EDP Redes España's staff

EDP Redes España has, as at 31/12/2020, a staff comprised by 810 employees, with respect to 872 employees as at 31/12/2019. Aware of the importance of gender diversity, it promotes the effective protection of the recruitment of female talent, through its Human Resources policies and practices. It can be noticed how female presence is maintained in the younger generations.



Annual average of indefinite, temporary and part-time contracts per age and professional classification

EDP Redes is committed to stability in its recruitments and thus, more than 99% of its employment contracts are full-time and of an indefinite duration, not existing part-time indefinite contracts. EDP Redes has adopted a system for the professional classification of employees based on professional groups (GE) grouped by segments, each of which take in the professional skills, qualifications and general content of the service, and it may include different tasks, duties, professional specialisations or responsibilities assigned to the employee.

Segmentation criteria				
	GE	CDO report	Manager	Non-manager
Executive Management	GE1			
Top Management	GE2 – GE3	X		
Macro-structure	GE3 – GE4		X	
Macro-Structure without Team	GE3			X
Macro-Structure without Team	GE4			X
Managers	GE5		X	
Managers	GE6		X	
Managers	GE7		X	
Senior specialists	GE5			X
Senior specialists	GE6			X
Specialists	GE7			X

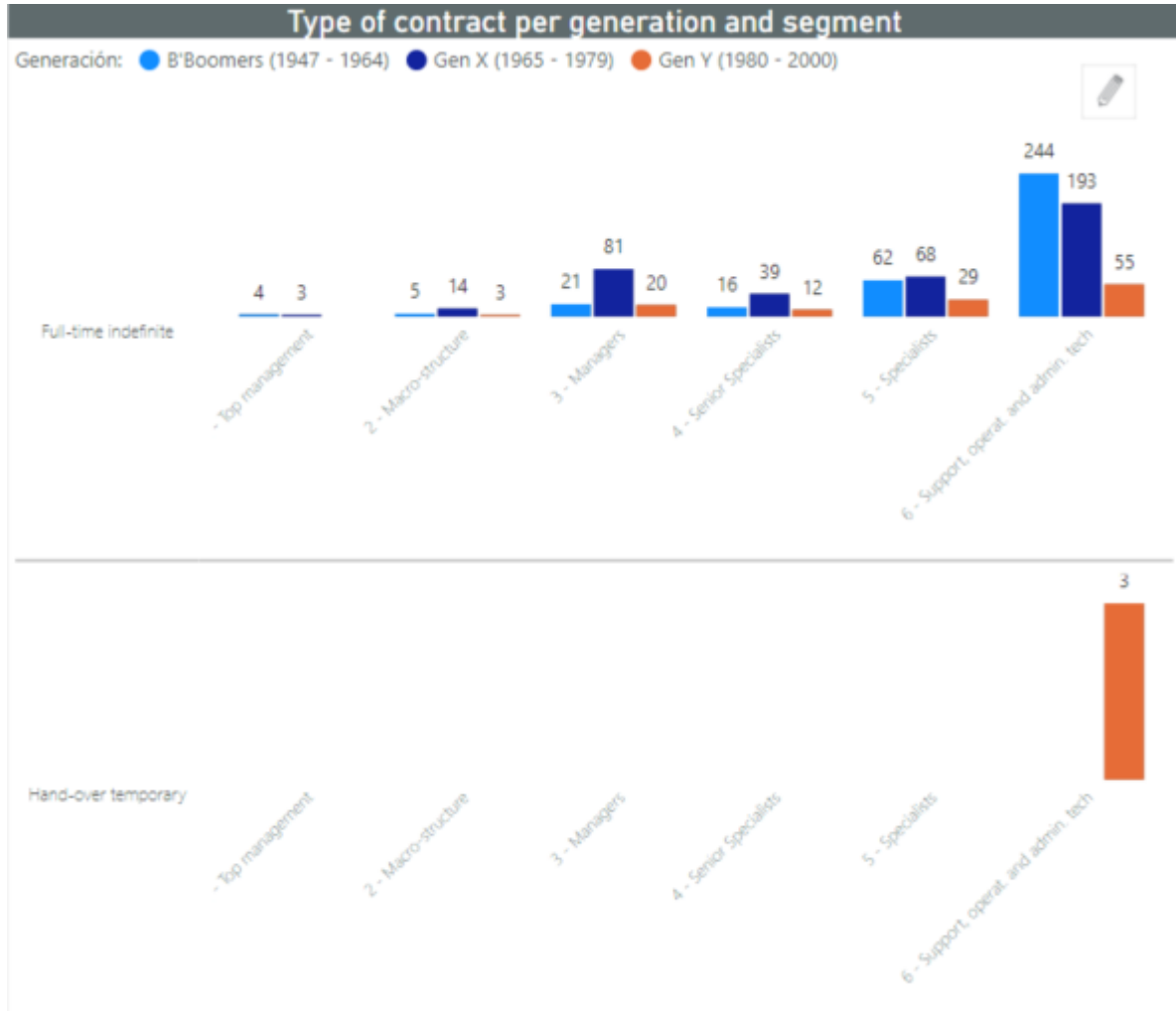
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Support, operational and administrative technicians	GE8-GE9-GE10			
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2020



2019



EDP Redes España, S.L.U and subsidiary companies

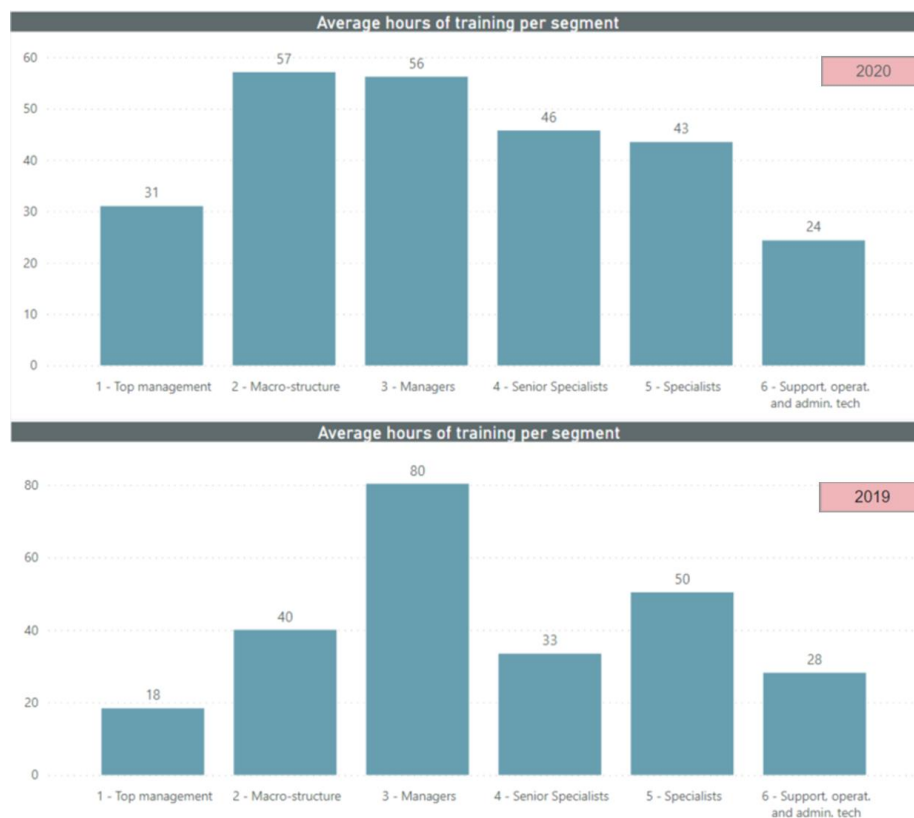
This stability in contracting is combined with the flexible hours offered by EDP Redes España in order to achieve a real work-family life balance.

No. of hours of absenteeism

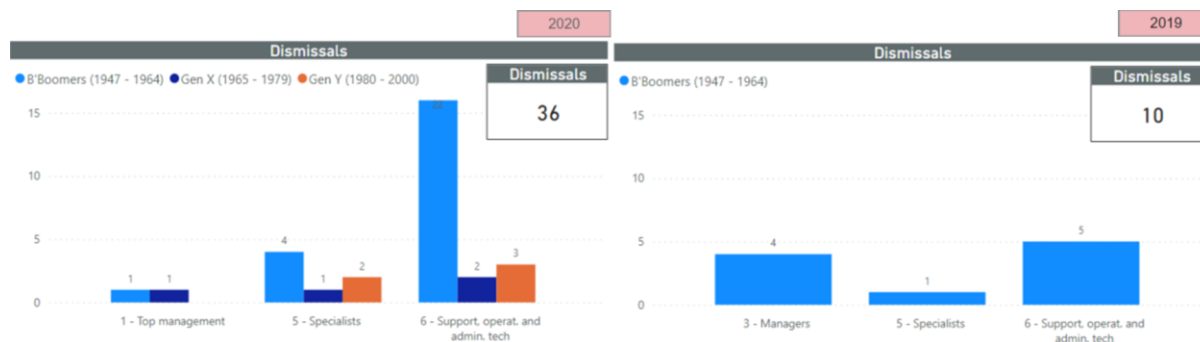
YEAR	Hours of absenteeism
2020	69,025.25
2019	94,437.52

No. of hours of training per professional classification

In an atypical context such as year 2020, there has been a decrease in the global number of hours of training taught. Logically, this fact has been reflected in the number of hours of training per framing group. In order to protect the health of our employees, exclusively face-to-face courses were suspended or postponed, promoting virtual/online training actions with more appropriate conditions in terms of duration and participants as compared to those of the original face-to-face format.



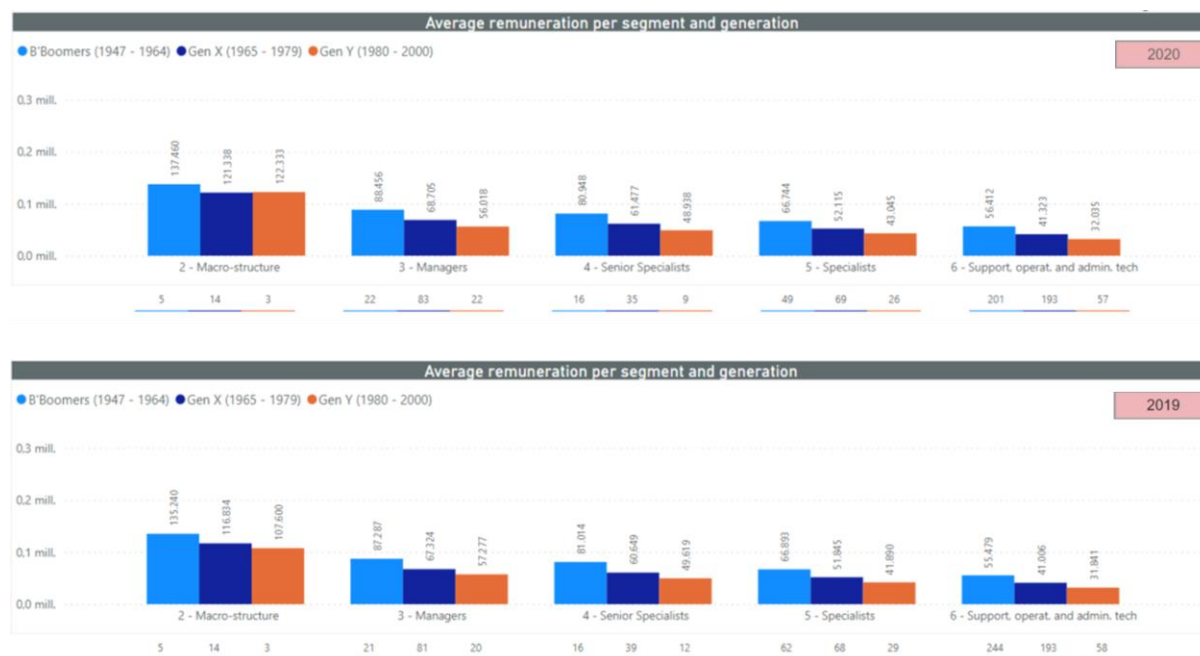
No. of dismissals per professional category



Average remunerations and their development per age and professional classification

For EDP Redes, the remuneration of the work is based on the skills, the performance and the dedication of the people that are part our organisation.

We believe that it is a continuous improvement road and, thus, the compensation and benefit system reflects our values and our culture.



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The data regarding the Top Management are not specified in order not to publicly disclose individualised details.

Pay gap among equal positions

As a principle, EDP Redes España has provided the non-existence of a pay gap under the bargaining agreement.

Despite the foregoing, there are salary differences resulted from historic remuneration items, associated with age, customs and practices of the energy sector or from the bargaining agreement in effect at the time of the recruitment, something that tends to disappear as the people from these groups reach the retirement age. In year 2019, the absolute pay gap, without taking into account same-category positions, was 5.77% and, in 2020, 4%.

Commitment to the society and to the local communities: Contributions made to foundations and non-profit organisations

Viesgo's social contribution to social, environmental and cultural programmes and initiatives was as follows:

	VIESGO
Contribution year 2019	€425,760
Contribution year 2020	€464,612

Profits obtained by country and paid taxes on profits

The earnings after taxes entirely obtained in Spain are:

	Hid. Distribución <i>K euros</i>	Viesgo <i>K euros</i>
2020	68,504	63,670
2019	85,051	23,009

The impact of Hidrocantábrico Distribución's income on the EDP Redes España subgroup is non-existent because it was incorporated into this group on 31.12.2020. Nevertheless, the income obtained in financial years 2019 and 2020 is specified as recorded in the respective Annual Accounts.

Hidrocantábrico Distribución, as a consequence of being integrated into the tax group EDP Sucursal en España, has paid taxes in 2019 for an amount of 12,923,158 euros on the 2018 profits; and in 2020 it has paid taxes for an amount of 28,233,446 euros on the 2019 profits. These payments were made before being incorporated into the EDP Redes España scope of consolidation.

Viesgo has made tax prepayments of the Corporate Tax during financial years 2019 and 2020 for an amount of 10,894,093 euros and 10,274,244 euros, respectively. In 2018, no payment was made on

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account of the Corporate Tax, as it received the refund of the withholdings and prepayments for an amount of 11,584,507 euros during financial year 2020.

Aid received from the public administration

The subsidies received by Hidrocantábrico Distribución amount to 127 k euros in 2020 and to 23 k euros in 2019, before its incorporation into the EDP Redes España scope of consolidation.

The amount of the subsidies received by Viesgo in 2020 and 2019 have been the following:

2020	4.4 K euros
2019	1,022.5 K euros

5. Goals

In March 2019, the EDP Group established the 2022 sustainability goals and 2030 ambition, which are a revision of the 2020 sustainability goals. In December 2020, the main lines of the new 2021-2025 Sustainability Plan were approved.

2030 ambition is organised around the ESG criteria and its three main lines – environmental, social and governance – on which EDP has been working for the past years, leading the energy transition involving carbon-neutral goals, 100% renewable generation, sustainable consumption, innovation and digital transformation, just transition and mitigation of climate risks and resilience, with a

positive impact on circular economy, natural capital, biodiversity, sustainable procurement and social policy and diversity.



ESG Outlook 2025-2030

		2020	2025	2030
 ENVIRONMENT	Revenues aligned with EU taxonomy (%)	58	~70	>80
	Scope 1 & 2 Emissions (gCO ₂ /kWh)	157	~100	0
	Renewables Generation (%)	74	~85	100
	Coal Installed Capacity (%)	8	0	0
	Total Waste (kt)	309	118	30
 SOCIAL	Employee Engagement (top tier company)	✓	✓	✓
	Female Overall (%)	25	30	35
	Accident frequency rate ¹	1.74	1.55	<1
	SDGs Social Investment (EUR Mn) ²	12.4	50	100
 GOVERNANCE	Female on Leadership (%)	25	30	35
	Top Management ESG & equity linked compensation ³	✓	✓✓	✓✓
	Cybersecurity (rating)	800	Keep advanced cybersecurity BitSight rating ⁴	
	Top quartile in ESG rating performance ⁵	✓	✓	✓

1. Number of work accidents per million hours worked (included employees and contractors); 2. Excluding 2020 onwards, values accumulated since 2021; 3. Applicable to Board of Directors and top management, changes in Board of Directors dependent of General Shareholders Meeting; 4. >= 740; 5. Includes DJSI, FTSE4Good, MSCI and Sustainalytics
 Note: Includes Viesgo's headcount

EDP España 2021-2025 Sustainability Plan

For the preparation of EDP España's Sustainability Plan, it has been considered EDP Group's 2021-2025 global strategy and 2030 ambition, as well as the topics identified as relevant in the materiality study.

2021-2025 Sustainability Plan has been approved by the Board of Directors of EDP España Monographic meeting on Environmental Information as recorded in the minutes of 18 December 2020 and it includes the following initiatives:

1. Clean generation

Reduce the CO2 footprint (scope 1, 2 &3)

Revise the supply chain to reduce the footprint

Offset the emissions of EDP España's activities where it cannot be reduced

2. Sustainable consumption

Initiatives to improve customer satisfaction

Develop the energy efficiency plan in end customers

Develop the business plan for decentralised solar generation

Transfer the CO2 footprint to the customer and offsetting of CO2 emissions

Develop the mobility business plan

Management strategy for the light vehicle fleet

Promote the development of smart grids

3. Innovation and digital transformation

Develop the Innovation Plan

Promote digitisation among employees: training and awareness

Adapt the relationship with customers to the 'Digital customer'

Digitisation of the society: digital gap

4. Circular economy

Implement the circular economy Plan

Reduce water consumption

5. Natural capital

Reduce atmospheric emissions

Action Plans for biodiversity

Develop the Natural Capital Guide and prepare an action plan

6. Diversity and well-being

Implement the diversity policy on the EDP Group in Spain

Promote transparency as regards equality

Initiatives to improve the employees' engagement

Implementation of the Safety Culture Plan and promotion of the preventive performance measure

Design and implement an emotional health plan

Incorporate the new ways of working/tele-working

7. Sustainable procurement

Incorporate Sustainability into procurement: training and monitoring

Develop the supplier's voice: monitor channels and implement the resulting actions

8. Inclusive society

Develop the action plan with local communities

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Extend the presence of business expansion in local communities
 Implement the Just Transition Plan and support the economic activity and local employment
 Develop the Plan of the EDP España Foundation
 Align the volunteering actions with the social investment policy of the EDP Group

9. Adaptation and resilience

Implement the climate change adaptation plan

10. Recognition of Sustainability

Spread the Sustainability Plan on an internal and external level
 Measure the direct and indirect impact of the actions on Sustainability
 Improve the recognition of EDP España as regards ESG values
 Revise EDP's positioning vis-à-vis sustainable brands and greenwashing risk
 Include EDP's positioning in sustainability in the commercial process

6. GRI chart

Information required by the Law on Non-Financial Information	Connection to GRI indicators
General information	
Business model	
Brief description of the group's business model (business environment and organisation)	102-2 Activities, trade marks, products and services 102-7 Size of the organisation
Geographical presence	102-3 Location of the head office
	102-4 Location of the operations
	102-6 Markets served
Goals and strategies of the organisation	-
Main factors and trends that may affect its future development	102-15 Main impacts, risks and opportunities
Detailed information	
Employment	
Total number and distribution of employees considering criteria representing diversity (gender, age, country, etc.)	102-8 Information about employees and other workers 405-1 Diversity in governing bodies and employees

Information required by the Law on Non-Financial Information	Connection to GRI indicators
Total number and distribution of employment contract types, annual average of indefinite contracts, temporary contracts and part-time contracts per gender, age and professional classification	102-8 Information about employees and other workers
Number of dismissals per age and professional classification	401-1 New recruitments of employees and rotation of staff
Average remunerations and their development categorised by gender, age and professional classification or equivalent value	102-38 Ratio of total annual compensation 102-39 Ratio of the percentage increase in the total annual compensation
Pay gap, remuneration of equal positions or average remuneration of the company	405-2 Ratio of the base salary and remuneration of women vis-à-vis men
Work's organisation	
Number of hours of absenteeism	403-2 Types of accidents and accident frequency rate, occupational diseases, days missed, absenteeism and number of deaths by occupational accident or disease
Training	
The total hours of training per professional category	404-1 Average hours of training per year per employee
Detailed information	
Company's commitments to sustainable development	
The impact of the company's activity on employment and local development	204-1 Proportion of expenditure in local suppliers
The impact of the company's activity on local populations and the territory	413-1 Operations involving the participation of the local community, impact assessments and development programmes