



# Annex 9 – Report on the allocation and impact of green finance

## Sustainable financing

Alignment with the SDG	Objectives	KPIs 2022	Target 2025
 	Sustainable financing	44%	50%

In the end of 2022, sustainable finance amounted to €12.4 billion: (1) €8.7 billion in green bonds; and (2) and €3.7 billion in sustainability-linked loans, which represented 44% of the nominal debt. EDP has a target to have 50% of its funding from sustainable sources by 2025. Our Green Bonds and sustainability-linked loan have promoted a greater alignment of the company's financial policy with our sustainability strategy, while increasing market awareness for this topic. EDP's sustainable financing has contributed heavily towards UN Sustainable Development Goal SDG 7: affordable and clean energy and SDG 13: climate action.

## Green bonds

**Green Bonds**  
Issued over the period  
2018–2022

€8.7B

As part of EDP's strategy and to promote greater alignment of its financial policy with its sustainability strategy, in October 2018, the group (through EDP Finance BV) issued its first green bond, amounting to €600 million (senior debt). Since then, and until the end of 2022, EDP has issued approximately €8.7 billion in green bonds: seven senior debt issuances, two of which in US dollars, and five subordinated debt issuances (hybrid).

In March 2022, EDP published a new Green Finance Framework. It includes the green financing instruments (for example, green bonds or green loans) issued by EDP, EDP finance BV and EDP Renováveis and its subsidiaries

### EDP's Green Finance Framework

EDP published a new Green Finance Framework in March 2022

and project companies to finance or refinance wind (onshore and offshore) and solar (PV and CSP) eligible assets and projects. These assets and projects will be included in the portfolio at the current IFRS balance sheet value. Eligible Green Assets will also include acquisitions of companies and equity participations in entities substantially active in wind and solar activities.

EDP's green finance framework is aligned with the International Capital Market Association's (ICMA) Green Bond Principles 2021, the Loan Market Association's (LMA) Green Loan Principles 2021 (GLP). The eligible assets and projects financed and refinanced will contribute towards the climate change mitigation objective of the EU Taxonomy. The framework is supported by a second-party review (SPO) from Sustainalytics.

This report is part of the commitment to report on an annual and portfolio basis to investors on how the funding was allocated. The data presented here is externally verified. The details about the several issuances and the information included in this report is also available at EDP's website (under the fixed income section).

### EDP's Green Finance Framework SPO

Sustainalytics is the opinion that the Framework's two eligible activities fully align with the applicable Technical Screening Criteria in the EU Taxonomy and align with the Do No Significant Harm Criteria (fully for three and partially for climate change adaptation). The Framework is compliant with the EU Taxonomy's Minimum Safeguards.

The approximately €8.7 billion issued in green bonds between 2018 and 2022 were fully allocated by 31 December 2022, with 2.9 billion euros being allocated to new projects wind and solar that came into operation between 2018 and 2022, 5.0 billion euros being allocated to existing projects and 0.8 billion to equity participations and acquisitions. It should be noted that the amount of green funding allocated to new projects corresponds to wind and solar farms that have begun operating at the year of the date of issuance of the respective green bonds. All EDP green issuances are aligned with EDP's sustainability strategy, as part of EDP's Strategic Agenda and Business Plan 2021–2025, with the proceeds being used to support its objectives to increase renewable capacity (90% by 2025 and 100% by 2030), and to reduce our scope 1 and 2 specific emissions by 70% by 2025 and 98% by 2030, approved by SBTi in 2021. These targets are aligned with a 1.5°C decarbonization trajectory. Recently, in January 2022, EDP has submitted new targets to the SBTi, currently under validation, in line with the new net-zero standard.

The impact of the portfolio was 10.8GW of renewable energy capacity, 24.8 TWh of annual renewable energy production and the avoidance of 15.0 MtCO<sub>2</sub> of emissions. These impact metrics are consolidated at a portfolio level and not reported at a bond level. It should be noted that, since 2022, following the publication of our 2022 Green Finance Framework, green proceeds can be allocated to acquisitions of companies and equity participations in entities substantially active in wind and solar, which do not have impact KPIs associated, namely installed capacity (MW), production (GWh) and GHG emissions avoided (tCO<sub>2</sub>).

In terms of geographical split, 65% of the projects financed with green proceeds are in the United States (49%) and Spain (16%). A minority of projects is in the United Kingdom (7%), Romania (6%), Poland (5%), Portugal (5%), Brazil (4%), France (3%), Italy (3%), and Mexico (2%). With negligible weight are projects in the geographies of Greece, Belgium, Canada and Vietnam.

The following paragraphs report relevant information for investors on the application of EDP group's green bond funds and on the environmental benefits resulting from them.

GREEN BONDS ISSUANCES' CHARACTERISTICS	PRE-ISSUANCE		POST-ISSUANCE		
	REFERENCE PRINCIPLES	SECOND-PARTY OPINION	MONITORIZATION	GREEN BONDS FUNDS	EXTERNAL VERIFICATION
	GREEN BOND PRINCIPLES (ICMA 2021)	SUSTAINALYTICS	REGISTER ON THE DATABASE OF THE CLIMATE BOND INITIATIVE (CBI)	>200*	PwC
<b>Use of resources (eligibility criteria)</b>	Investments (in new projects or re-financing of existing projects) in renewable energy (wind and solar).				
<b>Evaluation and selection of projects</b>	Compliance with the objectives of EDP's environmental and social policies, supported by a screening of ESG aspects.				
<b>Management of the funds obtained</b>	The net balance of the funds obtained through the emission of green bonds follows a portfolio approach. The resources shall be used to (re-)finance eligible green projects (wind and solar). Eligible green assets will also include acquisitions of companies and equity participations in entities substantially active in wind and solar. Until the net balance of the funds obtained from green bonds emissions has been fully assigned, EDP will invest the unassigned funds to the portfolio of eligible projects, in treasury liquidity or in the repayment/purchasing of existing debt, according to its own criteria. Net proceeds are expected to be fully allocated within 24 months from the issue date.				
<b>Report on the application of the funds obtained</b>	The report is made based on the following indicators: portfolio value of eligible projects net balance of unused resources quantity and percentage of new projects and existing projects				
<b>Report on the impacts of the funds obtained</b>	The report is made based on the following indicators: Installed capacity (MW) CO <sub>2</sub> Emissions avoided (tCO <sub>2</sub> ) Generation of renewable energy (MWh) Note: The CO <sub>2</sub> emissions avoided correspond to the emissions that would have occurred if the electricity generated by renewable sources had been produced by thermal power stations. For each country, this is obtained by multiplying the net renewable generation by the emission factor for thermally generated electricity in the country.				

\*Bloomberg (January 2023)

## Use of proceeds for eligible green projects

Portfolio date: December 2022

ELIGIBLE SUSTAINABILITY PROJECT PORTFOLIO	AMOUNT (€)	ALLOCATION OF GREEN FUNDING (2022)	AMOUNT (€)
EXISTING PROJECTS ALLOCATED (~ 2022)		ALLOCATED TO GREEN BONDS	8,715,704,107
<b>Renewable energy</b>			
Wind	4,829,699,800		
Solar	173,527,631		
NEW PROJECTS ALLOCATED (2018–2022)			
<b>Renewable energy</b>			
Wind	2,606,838,976		
Solar	243,691,386		
EQUITY PARTICIPATIONS AND ACQUISITIONS			
<b>Renewable energy</b>			
Wind	861,946,313		
Solar	-		
PROJECTS TO ALLOCATE	1,807,799,594	UNALLOCATED AMOUNT OF ELEGIBLE PROJECT PORTFOLIO	1,807,799,594
Total eligible sustainability project portfolio	10,523,503,700	Maximum sustainability funding	10,523,503,700
Percentage of eligible green project portfolio allocated to net proceeds of green funding	82.8%		
Percentage of net proceeds of green bond allocated to eligible green project portfolio	100%		

## Portfolio based green bond report according to the harmonized framework for impact reporting

Portfolio date: December 2022

ELIGIBLE PROJECT CATEGORY GREEN LOAN PRINCIPLES (GLP) GREEN BOND PRINCIPLES (GBP) a/	SIGNED AMOUNT b/ EUR	SHARE OF TOTAL PORTFOLIO FINANCING c/	ELIGIBILITY FOR GREEN INSTRUMENT d/	ALLOCATED AMOUNT	INSTALLED CAPACITY OF RENEWABLE ENERGY IN MW e/	ANNUAL NET PRODUCTION OF RENEWABLE ENERGY (GWH)	CO2 EMISSIONS AVOIDED (TCO2) e/
Renewable energy	10,523,503,700	100%	100%	8,715,704,107	10,779	24,798	15,015,688
<b>Total</b>	<b>10,523,503,700</b>	<b>100%</b>	<b>100%</b>	<b>8,715,704,107</b>	<b>10,779</b>	<b>24,798</b>	<b>15,015,688</b>

a/ Eligible Category

b/ Signed amount represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green financing

c/ This is the share of the total portfolio cost that is financed by the issuer

d/ This is the share of the total portfolio cost that is Green Bond/Loan eligible

e/ Impact indicators

# Portfolio based green bond report according to the harmonized framework for impact reporting – indicators all issued green bonds

Portfolio date: December 2022

BOND OUTSTANDING	ALLOCATED AMOUNT (MILLION EUR)	NUMBER OF PROJECTS (#)	GEOGRAPHY SPLIT (%)	TECHNOLOGY SPLIT (%)	INSTALLED CAPACITY OF RENEWABLE ENERGY IN MW	ANNUAL NET PRODUCTION OF RENEWABLE ENERGY (GWh)	CO <sub>2</sub> EMISSIONS AVOIDED (TCO <sub>2</sub> )		
Green Bond 9. Oct. 2018	600	35	Europe LATAM APAC NA	52% 0% 0% 47%	Wind Solar	100% 0%	877	2,194	1,131,387
Green Hybrid 23. Jan. 2019	1,000	28	Europe LATAM APAC NA	18% 2% 0% 80%	Wind Solar	87% 13%	1,106	3,501	2,369,119
Green Bond 10. Sep. 2019	600	18	Europe LATAM APAC NA	56% 3% 0% 41%	Wind Solar	100% 0%	588	1,518	806,625
Green Hybrid 20. Jan. 2020	750	15	Europe LATAM APAC NA	47% 2% 0% 52%	Wind Solar	100% 0%	802	1,891	1,003,471
Green Bond 15. Apr. 2020	750	19	Europe LATAM APAC NA	36% 0% 0% 64%	Wind Solar	100% 0%	835	2,377	1,840,158
Green USD Bond 24. Sep. 2020	797	9	Europe LATAM APAC NA	1% 1% 0% 99%	Wind Solar	86% 14%	999	2,207	1,415,125
Green Hybrid 02. Feb. 2021	750	50	Europe LATAM APAC NA	63% 10% 0% 27%	Wind Solar	90% 10%	941	2,435	1,340,218
Green Hybrid NC5 14. Sep. 2021	750	38	Europe LATAM APAC NA	100% 0% 0% 0%	Wind Solar	100% 0%	857	1,955	842,447
Green Hybrid NC8 14. Sep. 2021	500	19	Europe LATAM APAC NA	67% 10% 0% 24%	Wind Solar	90% 10%	552	1,369	599,951

BOND OUTSTANDING	ALLOCATED AMOUNT (MILLION EUR)	NUMBER OF PROJECTS (#)	GEOGRAPHY SPLIT (%)		TECHNOLOGY SPLIT (%)		INSTALLED CAPACITY OF RENEWABLE ENERGY IN MW	ANNUAL NET PRODUCTION OF RENEWABLE ENERGY (GWh)	CO <sub>2</sub> EMISSIONS AVOIDED (TCO <sub>2</sub> )
Green Bond 14 Mar. 2022	1,250	13	Europe	50%					
			LATAM	4%	Wind	98%			
			APAC	2%	Solar	2%	839	1,644	1266,187
			NA	44%					
Green USD Bond 03 Oct. 2022	469	4	Europe	0%					
			LATAM	0%	Wind	100%			
			APAC	0%	Solar	0%	277	726	591,523
			NA	100%					
Green Bond 04 Oct. 2022	500	21	Europe	56%					
			LATAM	27%	Wind	95%			
			APAC	0%	Solar	5%	612	365	213,021
			NA	18%					
Total	8,716	269	-	-	-	-	9,286	22,183	13,401,231

Portfolio based green bond report according to the harmonized framework for impact reporting – indicators for some allocated projects for all issued green bonds

Portfolio date: December 2022

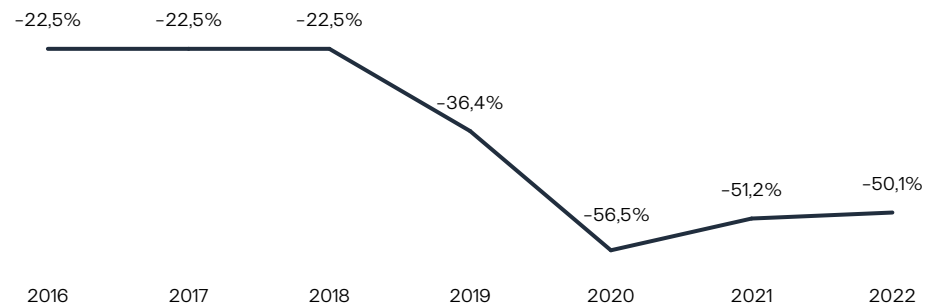
BOND OUTSTANDING	PROJECT NAME	COUNTRY	REGION	TECHNOLOGY	INSTALLED CAPACITY OF RENEWABLE ENERGY (MW)	ANNUAL NET PRODUCTION OF RENEWABLE ENERGY (GWh)	GHG EMISSIONS AVOIDED (TCO <sub>2</sub> e)
Green Bond 9. Oct. 2018	Champagne Berrichonne	France	Europe	Wind	10	25	10,890
Green Hybrid 23. Jan. 2019	Aroeira	Brazil	LATAM	Wind	17	46	9,930
Green Bond 10. Sep. 2019	Facaeni	Romenia	Europe	Wind	132	383	218,375
Green Hybrid 20. Jan. 2020	Korsze	Poland	Europe	Wind	36	92	87,060
Green Bond 15. Apr. 2020	South Branch	Canada	NA	Wind	15	38	22,366
Green USD Bond 24. Sep. 2020	Los Cuervos	Mexico	NA	Solar	200	151	88,399
Green Hybrid 02. Feb. 2021	Coentral-Safra	Portugal	Europe	Wind	21	54	22,000
Green Hybrid NC5 14. Sep. 2021	Cerro Durán	Spain	Europe	Wind	38	84	35,379
Green Hybrid NC8 14. Sep. 2021	Pereira Barreto II	Brazil	LATAM	Solar	42	96	20,718
Green Bond 14 Mar. 2022	Headwaters II	USA	NA	Wind	198	616	503,253
Green USD Bond 03 Oct. 2022	Meadow Lake I	USA	NA	Wind	200	462	377,081
Green Bond 04 Oct. 2022	Craco	Italy	Europe	Wind	35	15	9,162

## Sustainability – linked loan

The year of 2022 was marked by EDP's first sustainability-linked Revolving Credit Facility (RCF) of €3.7 billion, aligned with the Sustainability-linked Loan Principles from the Loan Market Association. EDP is at the front of the energy transition with ambitious commitments to achieve 100% renewables generation by 2030, and to become coal free by 2025 and carbon neutral by 2030. The KPIs are presented below. They are included in EDP's executive board of directors' remuneration scheme.

- KPI #1:** Percentage reduction of total Scope 1 and 2 GHG emissions per TWh produced by the group compared the 2015 emissions. Targets are aligned with 2025 public commitment to reduce by 70% and 2030 target to reduce by 98% by 2030, approved by SBTi with a decarbonisation path of 1.5°C. Scope 1 and 2 GHG emissions increased in 2022 by 2,2% compared to 2021, which corresponds a reduction of 56% against the 2015 emissions.

### EMISSIONS INTENSITY (SCOPE 1+2) REDUCTION (%)



- KPI #2:** Percentage of the group's installed capacity which is of renewable origin. Targets are in line with public commitment to achieve 90% by 2025 and 100% by 2030. In the end of 2022, the renewable capacity was 79%, which corresponds to a decrease of 1% compared to 2021.

### RENEWABLE INSTALLED CAPACITY (%)

