FORUM POUR L'INVESTISSEMENT RESPONSABLE

RÉPUBLIQUE FRANÇAISE
Liberté
Égalité
Fraternité

ADEME
AGENCY FOR ECOLOGICAL TRANSITION

SAY ON CLIMATE assessment

Portugal

edp

2024

Transparency rating

70%

alignment with FIR recommendations

ACT ACCELERATE ® CLIMATE TRANSITION

PERFORMANCE SCORING	NARRATIVE SCORING	TREND SCORING
13,4 / 20	B	+

EDP's ambition is to achieve zero net emissions in all scopes by 2040. Its targets have been validated at 1.5°C for all scopes up to 2040. To achieve its targets, the company plans to take strong measures such as phasing out coal-fired power stations by 2025 and gas-fired power stations by 2030, and achieving 100% renewable energy production by 2030. Although more granular information would have made it easier to understand the breakdown, the company plans to allocate 85% of its investments to renewable energies, customers and energy management from 2023 to 2026. One of the important areas for progress identified is that of supplier coverage and requirements: it could apply its GHG emissions reduction strategy to a greater percentage of suppliers and include quantified emissions reduction requirements in purchasing models, as well as mandatory reporting requirements on progress made.

Since 2021, the **French Forum for Responsible Investment (FIR)** has called for the widespread adoption of stringent Say on Climate (SOC). In March 2023, the FIR signed again an agreement with 48 French and European signatories, encouraging the development of SOCs. Meanwhile, in 2022, FIR began analyzing the climate plans of French companies that submit them to shareholder vote. After joining forces last year, **FIR and ADEME** are extending their partnership by joining forces this year with **Ethos and the World Benchmarking Alliance**, to analyze the climate plans of European companies submitted to a consultative shareholder vote at their annual general meetings in 2024.

In 2022, FIR had published analysis reports assessing the extent to which French companies' climate strategies were in line with its recommendations. In 2023, as part of the partnership with ADEME, these analysis reports has been enriched with the **ACT assessment tool**, to measure the contribution of corporate strategies and actions to the mitigation objectives of the Paris Agreement.

In 2024, the scope of our analysis has been extended to include European companies which have submitted a SOC. Assessments will be published progressively ahead of their annual general meetings.

As in 2022 and 2023, the FIR wishes to salute the efforts of companies that contribute to improving shareholder dialogue, and encourages them to reiterate the Say on Climate exercise annually.

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In partnership with :

ethos

World Benchmarking Alliance

Life

With the contribution of the European Union LIFE program

FORUM POUR L'INVESTISSEMENT RESPONSABLE

EDP

70 %
of alignment with FIR recommendations

Ambition Net Zero 2050

Ambition to achieve "zero net emissions" in all scopes by 2040
Declares that it will offset 10% of its emissions after 2040
❍ *Lack of detail on the post-2040 period*
❍ *Lack of detail on the nature of the compensation*

Reference scenario(s) used

1.5°C trajectory validated by SBTi for 2040 (base year: 2020) on 3 scopes; objectives approved by SBTi's Net Zero Standard

Current GHG emissions (*2023 vs 2022*)

SCOPE 1	SCOPE 2	SCOPE 3
4.3 MtCO2eq (vs. 9.4)	*0.3 MtCO2eq (vs. 0.5)*	*8.1 MtCO2eq (vs. 9.3)*

Short-term GHG emissions reduction target (2026)

Scopes 1 and 2 : -77% intensity reduction (gC02/kWh) compared with 2020;
Scope 3 : -30 to 40% reduction in emissions from gas sold to customers.
▷ *Reduction expressed in intensity for scopes 1 and 2 : no communication in absolute value*
▷ *No clear target for the majority of scope 3 in the short term*

Medium-term GHG emissions reduction target (2030)

Alignment of 2030 targets with a 1.5°C scenario validated by SBTi for the 3 scopes.*
Scopes 1 and 2 : -95% intensity reduction compared with 2020 (gC02/kWh)
Scope 3 : -45% by 2020 in absolute terms (tCO2eq)
❍ *Reduction expressed in intensity for scopes 1 and 2 : no communication in absolute value*

Long-term GHG emissions reduction target (2040)

90% reduction in GHG emissions across all scopes in absolute terms between 2020 and 2040
Scopes 1 and 2 : -96% compared to 2020 in intensity (gC02/kWh)
Scope 3 : -90% by 2020 in absolute terms (tCO2eq)
Alignment of 2040 targets with a 1.5°C scenario validated by SBTi for the 3 scopes.*
❍ *Reduction expressed in intensity for scopes 1 and 2 : no communication in absolute value*

Action plan measures

Detailed actions on the 3 scopes to achieve the objectives for 2030 and 2040 :
1- Phase out coal-fired power stations by 2025 and gas-fired power stations by 2030.
2- Increase renewable energy production: 93% by 2026 to reach 100% by 2030
In 2023, 87% of the electricity supplied by EDP came from renewable sources.
3- Reduce distribution-related emissions (90% of Scope 2)
4- Reducing emissions due to the imbalance between production and distribution
5- Reducing supply chain emissions
6- Minimising natural gas emissions
▷ *The contribution of each action to the emission reduction targets is not detailed, and there are no quantified measures after 2030.*

CAPEX / OPEX investment alignment

2023-2026: investments of €25 billion, 85% of which devoted to renewable energies, customers and energy management
▷ *Not enough detail on investment per objective set*
▷ *No information on investments after 2026*
▷ *Lack of information in the transition plan*

Remuneration

Remuneration of members of the Executive Committee :

Annual variable : 20% ESG criteria
- Dow Jones Sustainability Index results (8%)
- Results of the annual workplace climate survey (6%)
- Results of the customer satisfaction index (6%)
▷ *No criteria linked to the company's emission reduction targets*

Long-term variable (3-year plan) : 20% ESG criteria
- Increase in the share of renewable energy production
- Reducing emissions
- Performance of the Bloomberg Gender Equality Index
▷ *Criteria for increasing renewable energy production and reducing emissions not weighted or quantified, targets not disclosed*

Annual consultative vote on implementation

▷ *No annual consultative vote on the implementation of the strategy*

Consultative vote on strategy every three years

▷ *No vote on strategy every three years*

**However, SBTi is currently carrying out a complete review of its methods and criteria for defining scope 3 objectives in order to enable the classification of scope 3 objectives according to temperature.*

Caption:
❍ Indicates that all the criteria for obtaining all the points have been met, but suggests improvements in terms of transparency
▷ Failure to obtain full points

ENERGIAS DE PORTUGAL

ACCELERATE ® CLIMATE TRANSITION

PERFORMANCE SCORING	NARRATIVE SCORING	TREND SCORING
13,4 / 20	A **B** C D E	+

Module	Score	%
Tagets	14/20	15%
Material Investment	17,2 /20	11,4 %
Intangible investment	4,8 /20	5,7 %
Sold product performance	12,2 /20	23%
Management	19,7 /20	12%
Supplier engagement	7,7 /20	7,9 %
Client engagement	12,5 /20	9,9 %
Engagement policy	20/20	5%
Business Model	11,62 /20	10%

Assessment's elements

- EDP has set Net Zero targets to reduce its scope 1, 2, and 3 emissions by 90% by 2040, compared to the year 2020.
- The company has set interim targets for 2030 to reduce absolute scope 3 emissions by 45%, scope 1 and 2 emissions intensity by 95%, and scope 1 and scope 3 emissions intensity by 90% compared to 2020. By 2040 the company commits to reduce its Scope 1+2 emissions intensity by 96% and its scope 1 and scope 3 emissions intensity by 95% compared to 2020. All targets have been validated as consistent with a 1.5°C pathway.
- EDP's Scope 1+2 emissions intensity between 2018 and 2023 decreased by about 18.33% per year on average, with a significant 50% decrease between 2022 and 2023.
- The company's proportion of low-carbon electricity generation increased from 79% in 2022 to 87% in 2023 accompanied by a reduction in emissions from thermal generation from 10.4 MtCO2e to 4.8 MtCO2e in 2023.
- EDP is projected to remain below its carbon budget for 2023-2038.
- EDP is taking is phasing out coal generation by 2025 and gas by 2030 across all markets in which operates. It aims to expand its renewable energy capacity to 33 GW by 2026 (vs 24. GW in 2023)
- EDP invested 74% of its total research and) development (R&D) spending on low-carbon technologies between 2020 and 2023. It aims to be spending at least 80% by 2026 according to its business plan.
- EDP's low carbon power generation CAPEX was over 98% in 2023
- The company's emissions intensity for its own generation combined with purchased electricity decreased between 2018 and 2023 at a rate greater than that required to align with its 1.5°C pathway in 2028.
- The company's Board is responsible for sustainability and climate change issues.
- EDP has the objective of adding 0.5 GW of battery energy storage systems capacity by 2026, and 1.5 GW of hydrogen electrolyser capacity by 2030, along with implementing smart grid technologies.
- EDP's Business Plan 2023-2026 has allocated USD 20.88 billion worth of investment to renewables, client and energy management, and its digitalisation goal.
- EDP's supplier engagement strategy includes engagement and incentivization and affect 34% of it's procurement spend covering 51% of scope 3 emissions. A key improvement would be to include GHG emissions reduction commitments in engagements with suppliers.
- EDP's client engagement strategy applies to 33% of Scope 3 emissions and includes a target to avoid 15 MtCO2e of emissions by 2025
- 43% of the company's reported revenues are aligned with EU taxonomy. Business models to support EDP's net-zero greenhouse gas (GHG) emissions by 2040 include 33 GW of installed renewable capacity by 2026 and reach 1.5 GW of hydrogen electrolyser capacity by 2030. In addition, the company plans to expand its energy storage capacity by adding 0.5 GW of battery storage capacity by 2026.

Consistency of the plan : EDP's objective to achieve net-zero scope 1, 2 and 3 emissions by 2040 is supported by plans to significantly increase renewable energy capacity and its commitment to phase out coal and gas by 2025 and 2030, respectively. The company is on track to achieve its targets.

Identified areas for improvement : EDP could increase the share of its R&D costs in non-mature low-carbon technologies. It could also apply its GHG emissions reduction strategy to a greater percentage of suppliers and include quantified emissions reduction requirements in procurement templates along with mandatory progress reporting requirements.

FORUM POUR L'INVESTISSEMENT RESPONSABLE

Change in rating compared to analysis of FIR *Say On Climate* 2023

↑ Increase → Stagnation ↓ Drop

SAY ON CLIMATE 2023 evaluation grid

based on follow-up to FIR recommendations

	🟢	🟠	🔴
Ambition net zero 2050	If the ambition of contributing to carbon neutrality by 2050 is declared and clear explanations are given on how to achieve this neutrality The level of negative emissions is limited	The ambition to contribute to carbon neutrality by 2050 is declared and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high	A declared ambition, but very little clarity on how the company intends to achieve carbon neutrality (no long-term objectives, the objectives set are not very credible, heavy reliance on compensation, etc.) or no declared ambition to be carbon neutral by 2050
Reference scenarios used	The company positions its climate strategy in relation to a 1.5°C warming scenario for all scopes	The company uses a reference scenario limiting warming to between 2°C and 1.5°C, or 1.5°C for only part of its scope.	No reference scenario explicitly mentioned or scenario(s) not used to define the strategy
Current GHG emissions	Disclosure of greenhouse gas emissions in absolute terms; breakdown by scope	Insufficiently detailed publication	No public data
Short-term GHG emissions reduction target	If the quantified emission reduction targets before 2030, expressed as a minimum in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated.	If the quantified emission reduction targets before 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	No quantified target for reducing emissions in the short term, or targets that are not very ambitious in the short term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.).
Medium-term GHG emissions reduction target	If the quantified emission reduction targets for 2030, expressed as a minimum in absolute terms, cover the 3 scopes and respect the alignment with a 1.5°C scenario. This trajectory has been scientifically validated	If the quantified emissions reduction targets for 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C	No quantified emissions reduction target in the medium term, or unambitious targets in the medium term (base year too far in the future, no absolute reduction, not scientifically validated, etc.).
Long-term GHG emissions reduction target	If the quantified emission reduction targets for 2050 or earlier, expressed as a minimum in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated	If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or these targets cover all activities but are on a trajectory between 2°C and 1.5°C.	No quantified long-term emissions reduction target or unambitious long-term targets (base year too far in the future, no absolute reduction, not scientifically validated, etc.).
Action plan measures	Detailed measures for each scope of the company with a sufficient level of detail, including short- and medium-term figures, to enable the alignment of this plan with the objectives set to be assessed.	Detailed measures for each scope of the company, but insufficient detail to assess the level of alignment with the objectives set (lack of quantified measures in particular)	Measures with little or no detail
Investment alignment (OPEX / CAPEX)	Details the proportion of investments (OPEX and CAPEX) that contribute to meeting short- and medium-term targets, and explains how these investments enable the targets to be met	The information provided on the contribution of investments to the achievement of objectives does not allow an understanding of how the company achieves the objectives set.	No investments contributing to the achievement of explicit objectives
Remuneration	All the variable parts of the remuneration of corporate officers include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets. The % of remuneration determined by this criterion is published; it represents a significant proportion (10% or more)	At least part of the variable part of the remuneration of corporate officers is covered by a non-diluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company.	The criterion included in the remuneration of corporate officers relating to the reduction of greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. Or the absence of a criterion linked to the reduction of greenhouse gas emissions in executive remuneration.
Annual consultation on implementation	The company undertakes to consult shareholders annually on the implementation of its climate change strategy.	The company undertakes to consult shareholders on the implementation of its climate strategy over the coming years	The company does not undertake to consult shareholders on the implementation of its climate strategy.
Consultation on strategy every three years	The company undertakes to consult shareholders on its climate strategy at least every three years.	The company undertakes to consult shareholders on its climate strategy over the coming years	The company makes no commitment to consult shareholders on its climate strategy

Weighting: the two final criteria correlated with the vote are given a weighting of 0.5 each, while the other nine retain a weighting of 1.

ACT's methodology

IT'S TIME TO ACT

WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

FRAMEWORK

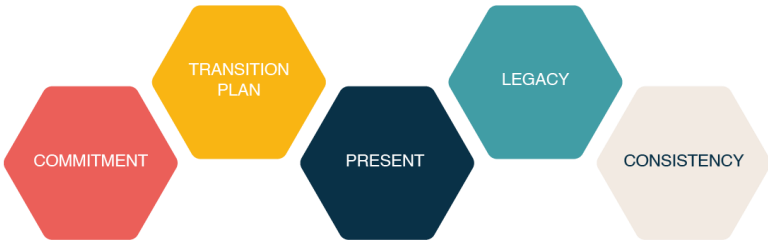
1 What is the company planning to do?

2 How is the company planning to get there?

3 What is the company doing at present?

4 What has the company done in the recent past?

5 How do all of these plans and actions fit together?



INNOVATIVE : ACT is an integrated, long-term approach.

QUANTITATIVE : it measures past, present and future performance

TARGETED: on the main sources of emissions in the value chain

SECTORAL: addressing issues specific to the transition of each sector

TRANSPARENT: through third-party evaluation

ACT ASSESSMENT

For what purpose?
Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

For whom?
Companies with science-based objectives and/or a transition plan ready for assessment

ACT Methodology

Electricity

The full ACT methodology for the Electricity sector can be found on our website. The detailed assessment is summarized in a score based on three criteria: performance, overall consistency and trend. It takes the following form:

- **Performance**: number between 1 and 20
- **Evaluation (consistency)**: letter between A and E
- **Trend**: + (improvement), - (deterioration), = (stable)

Module	Indicator
1. Targets	1.1 Alignment of scope 1+2 emissions reduction targets
	1.2 Alignment of upstream scope 3 emissions reduction targets
	1.3 Time horizon of targets
	1.4 Achievement of previous and current targets
2. Material investment	2.1 Trend in past emissions intensity for generated electricity
	2.2 Locked-in emissions
	2.3 Trend in future emissions intensity for generated electricity
	2.4 Share of Low Carbon CAPEX investments
3. Intangible investment	3.1 R&D spending in low-carbon technologies
	3.2 Company low-carbon patenting activity
4. Sold product performance	4.1 Past performance of retailed electricity
	4.2 Future performance of retailed electricity
	4.3 Contribution to low-carbon electricity generation
	4.4 Energy efficiency services share
	4.5 Interventions to reduce life-cycle emissions of low-carbon assets
5. Management	5.1 Oversight of climate change issues
	5.2 Climate change oversight capability
	5.3 Low-carbon transition plan
	5.4 Climate change management incentives
	5.5 Fossil fuel power incentives
	5.6 Climate change scenario testing
6. Supplier engagement	6.1 Strategy to influence suppliers to reduce their GHG emissions
	6.2 Activities to influence suppliers to reduce their GHG emissions
7. Client engagement	7.1 Strategy to influence client behaviour to reduce their GHG emissions
	7.2 Activities to influence customer behaviour to reduce their ghg emissions
8. Policy engagement	8.1 Company policy on engagement with associations, alliances, coalitions or thinktanks
	8.2 Associations, alliances, coalitions and thinktanks supported do not have climate-negative activities or positions
	8.3 Position on significant climate policies
	8.4 Collaboration with regulators and legislators
9. Business model	9.1 Revenue from low-carbon products and/or services
	9.2 Changes to business models

Narrative scoring

1. Business model and strategy
2. Consistency and credibility
3. Reputation
4. Risks

Trend scoring

1. Probability of emissions' evolution
2. Evolution of business model and strategy

Disclaimer:

The information and assessments disclosed here do not constitute investment or voting advice. Each organisation individually determines the most appropriate way to use this information.
In addition, the information and assessments contained in this document reflect a judgement at the time these assessments were made and do not guarantee that the most recent information on the company has been taken into account, as this information may have been published between the assessment and the publication of this document.

In collaboration with: