

# ENERGY

*edp*

CHANGING  
TOMORROW  
NOW

RESPECTING HUMAN  
AND LABOR RIGHTS 2020

# CHANGE ROGUE

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**CHANGING  
TOMORROW  
NOW**

**We're changing tomorrow now.**



**01**  
EDP's Human  
and Labor Rights

**02**  
Foundational Declarations  
and Frameworks

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# GREEN WATER

FROM DISRUPTION  
TO EVOLUTION

Changing tomorrow now.

# PURPOSE AND SCOPE OF THE REPORT

The present document proceeds to the structured publication of the material assessments related to the Respect of Human and Labor Rights. The information is organized to promote the internal debate, including operational teams, the Sustainability Committee and the Executive Board of Directors. Its public disclosure is intended to provide EDP's stakeholders an integrated view of the risks and challenges that the company faces in this matter, the way they are approached and the distinctive importance they occupy in the company's day-to-day activities.

Companies subscribers to the United Nations Guiding Principles on Business and Human Rights, known as the Ruggie Framework, as is the case with EDP, internalize the procedures for identifying, preventing and mitigating the risks of negative impacts on human and labor rights at all operational levels and are in need of periodically assess the degree and quality of implementation of their commitments. In this sense, this document reports the progress on the topics considered most relevant and provides the Company's approach for the future.

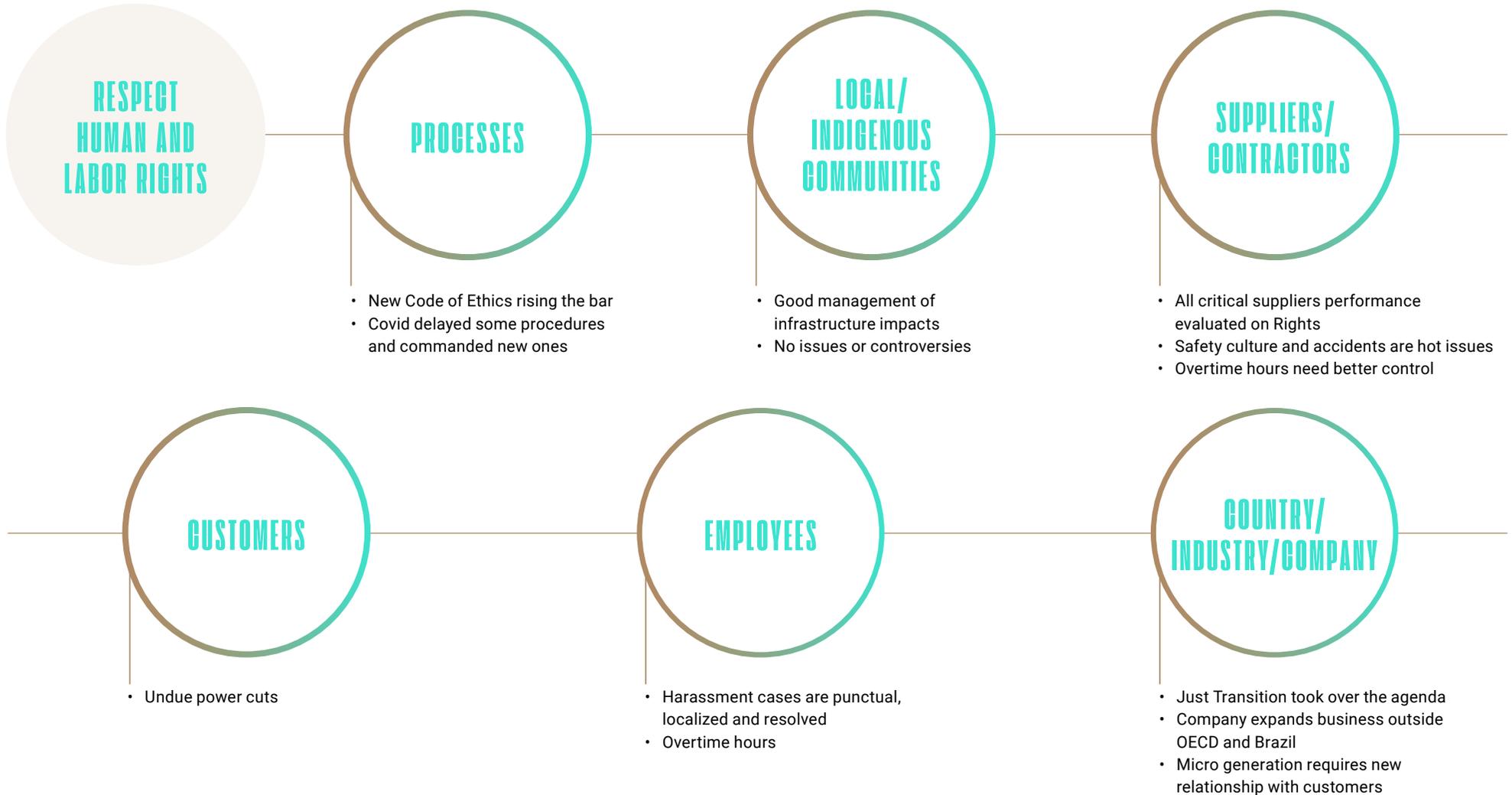
This report was prepared by the Sustainability Direction, that is the operational guardian of human rights policy, and does not provide substantially new information regarding that published in the Group reports or permanently available and updated on its websites. However, it is now edited to satisfy an integrated analysis of all issues, procedures and events related to Human and Labor Rights. It covers all business units, participated companies and partnerships over which the Group has influence on management, as well, its employees and managers, suppliers, customers and local communities in any country where EDP has operations.

In EDP's policies, a substantial part of their commitments are oriented towards the active promotion of Human and Labor Rights, for the creation of shared value and societal profit, which far exceeds the scope of the this Report.

1.1

# PERFORMANCE

## 2020 IN A NUTSHELL



## 2020 HUMAN AND LABOR RIGHTS REVIEW

**During 2020, the EDP Group guaranteed respect for Human and Labor Rights in all its activities and countries and before all its stakeholders.**

For the results, in line with past performance, there were facts that warranted extra management, monitoring, follow-up or resolution.

The Covid epidemic required measures to prevent and mitigate Human and Labor Rights impacts on customers and suppliers, as well own employees. A vast scope of topics from power cuts, suppliers' cash flow, home working, safety were managed with success.

The increase in social tensions in Colombia and the investigation of agents in the mining sector regarding Human Rights, demanded the strengthening of the country's and suppliers monitoring, since EDP has a project in Wayuu territory and is an importer of coal.

The sale of assets, wind farms, dams, power plants required the planning and protection of workers' rights and contracts with suppliers.

The abatement of coal-fired power plants in Sines and Asturias commanded action plans to protect own workers and mitigate supplier's unemployment

New farms required careful management of local stakeholders.

The acquisition of Viesgo assets and business extended EDP's responsibility to new customers, local communities and workers.

As a result of the monitoring actions, it was necessary to terminate contracts with suppliers that did not comply with labor rights rules.

Despite the reduction in the number of occupational accidents, fatalities have occurred that require additional measures.

Disregard for working hours is the most frequent operational situation that always requires corrective measures.

Also is a subject of concern punctual breaches of personal data.

## 2020 MAPPING INCIDENTS AGAINST STANDARDS

During 2020, the EDP Group registered and managed incidents in the sphere of three standards.

INTERNATIONAL STANDARDS COVERAGE
Universal Declaration of Human Rights, 1948
International Covenant on Civil and Political Rights, 1966
International Covenant on Economic, Social and Cultural Rights, 1966
International Convention on the Elimination of All Forms of Racial Discrimination (1965)
Convention on the Elimination of All Forms of Discrimination against Women, 1979
Convention on the Rights of the Child, 1989
International Convention on the Protection of the Rights of Migrant Workers and Members of Their Families, 1990
Convention on the Rights of Persons with Disabilities, 2006
Declaration on the Rights of Indigenous Peoples, 2007
Freedom of association and the effective recognition of the right to collective bargaining (Conventions 87 and 98)
The elimination of all forms of forced or compulsory labor (Conventions 29 and 105)
The effective abolition of child labor (Conventions 138 and 182)
<b>THE ELIMINATION OF DISCRIMINATION IN RELATION TO EMPLOYMENT AND OCCUPATION (CONVENTIONS 100 AND 111)</b>
<b>RESPECT FOR WORKING HOURS (CONVENTIONS 1, 14 AND 106)</b>
<b>THE PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY (CONVENTIONS 155 AND 187, PROTOCOL 2002)</b>
The guarantee of payment of a minimum wage (2008 ILO Declaration on Social Justice for a Fair Globalization).
Understanding the Indigenous and Tribal Peoples Convention, 1989 (No. 169)

1.2.

# COUNTRY SECTOR RISK MAPPING

## COUNTRY/SECTOR ANALYSIS AND EMERGING ISSUES

The decarbonization imperative, supported by technological and commercial advances in renewable energies and by developments in the internet and computing, translates into a transformation of the electricity business, pushing it into new geographies, markets and different relationships with populations and consumers. The table reproduced on this page identifies the main emerging issues associated with the power industry and, in particular, the EDP Group. The Company will close its coal-fired power plants by increasing investments in renewable energies, continuing a trajectory started in 2006.

RISK NATURE		EDP EXPOSITION	ACTION TAKEN
Expansion to new countries	Entry into new social contexts with models of democracy and economic development different from those of OECD countries	High	<ul style="list-style-type: none"> <li>• Development of risk identification mechanisms and reinforcement of stakeholder consultation policies</li> </ul>
Downstream business	Entry into the marketing of energy equipment and solutions with greater assistance to customers' homes	High	<ul style="list-style-type: none"> <li>• Reinforcement of ethical principles in the training of commercial agents and contractors</li> </ul>
Gas Supply Chain	Invisibility of the source of the gas	High	<ul style="list-style-type: none"> <li>• Development of the gas supply chain risk map and sectoral cooperation</li> </ul>
Wind/Solar farms	Landowners and local communities rights	Medium	<ul style="list-style-type: none"> <li>• Detailed stakeholders engagement</li> </ul>
Tier n + 1 minerals	Labor rights in mines, local communities impacts	Low	<ul style="list-style-type: none"> <li>• Bettercoal code and audits</li> </ul>
Just Transition	Local unemployment caused by the planned closure of coal-fired power plants in Europe.	Medium	<ul style="list-style-type: none"> <li>• Socio-economic studies on local impacts on employment</li> <li>• Support for local entrepreneurship initiatives</li> <li>• Active participation in political forums for funding Just Transition</li> </ul>
Access to energy	Rural populations without access to the electricity grid	Low	<ul style="list-style-type: none"> <li>• Investment in sub-Saharan countries to promote access to electricity</li> <li>• Creation of philanthropic A2E NGO fund</li> </ul>
Fuel Poverty	Poverty linked to energy inefficiency in buildings	Medium	<ul style="list-style-type: none"> <li>• Legal compliance with the financing of social tariffs</li> <li>• Scientific study on the causes and structural solutions to fight energy poverty</li> </ul>

## EDP ACTIVITIES BY COUNTRY

COUNTRY	WORK FORCE	COAL POWER	GAS POWER	LARGE HYDRO	WIND/SOLAR FARMS	SMALL HYDRO	TRANSMISSION	DISTRIBUTION	RETAIL	EE & A2E**
Portugal	5825		●	●	●	●		●	●	
Spain	2084	●	●		●	●		●	●	
Canada	4				●					
Colombia*	15				●					
USA	758				●					
Mexico	10				●					
Brazil	3232	●		●	●		●	●	●	
Peru*	1			●						
Poland	58				●					
Romania	36				●					
Italy	49				●					
UK	1				●					
Belgium	2				●					
France	90				●					
Greece*	14				●					
Ireland*	0									●
Mozambique*	0									●
Nigeria*	0									●

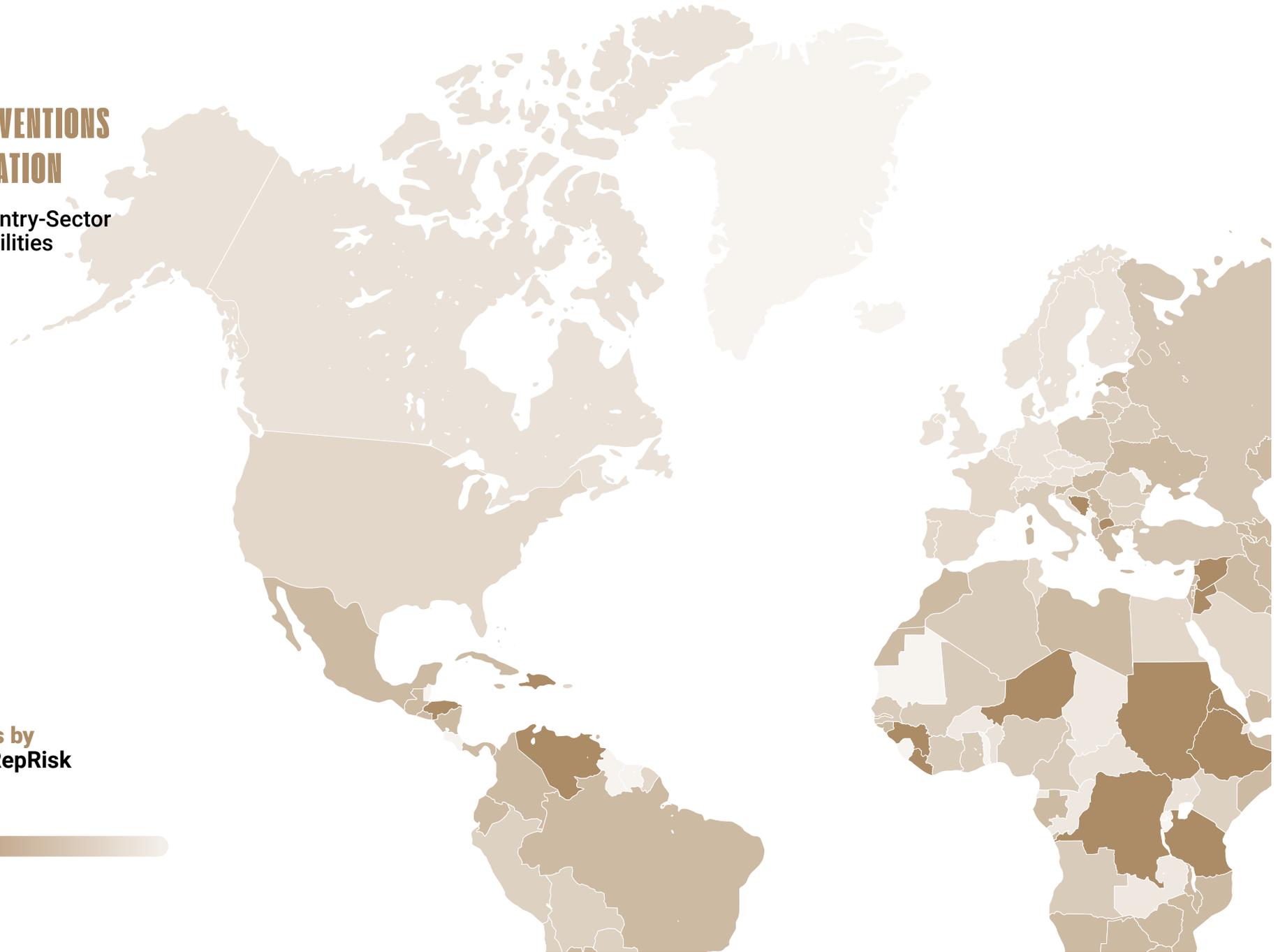
\* New EDP countries

\*\* EE & A2E - energy efficiency projects & Access to Energy Funds

## ILO CONVENTIONS RATIFICATION

Peak Country-Sector  
RRI for Utilities

Highlight  
Countries by  
Current RepRisk  
Index

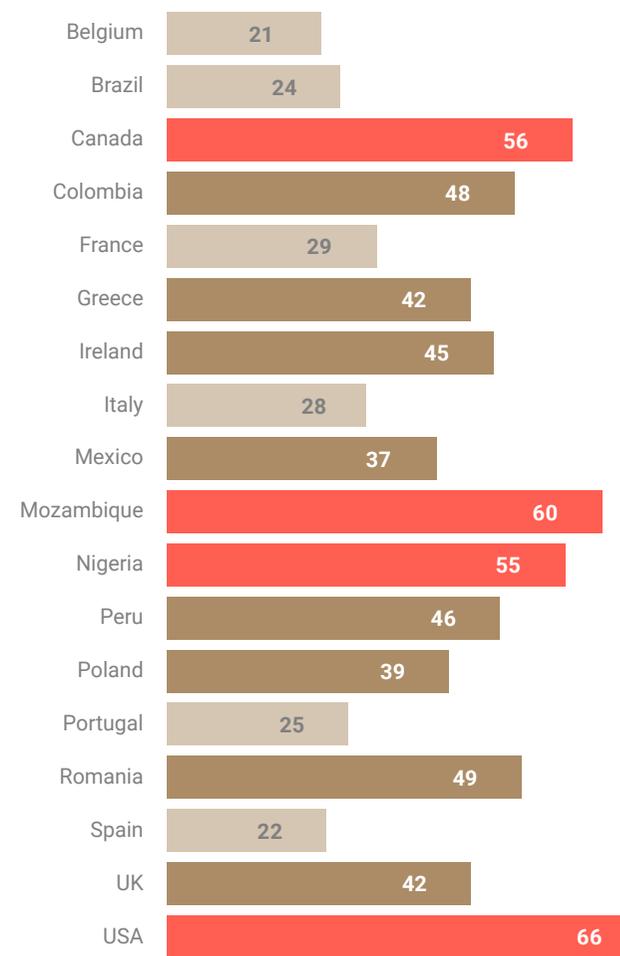


# ILO CONVENTIONS RATIFICATION

## EDP Countries committed to the 8 Fundamental Conventions

COUNTRY	FORCED LABOR	FREEDOM OF ASSOCIATION	COLLECTIVE BARGAINING	EQUAL REMUNERATION	ABOLLITION OF FORCED LABOR	DISCRIMINATION	MINIMUM AGE	CHILD LABOR
Belgium	●	●	●	●	●	●	●	●
Brazil	●	●	●	●	●	●	●	●
Canada	●	●	●	●	●	●	●	●
Colombia	●	●	●	●	●	●	●	●
France	●	●	●	●	●	●	●	●
Greece	●	●	●	●	●	●	●	●
Ireland	●	●	●	●	●	●	●	●
Italy	●	●	●	●	●	●	●	●
Mexico	●	●	●	●	●	●	●	●
Mozambique	●	●	●	●	●	●	●	●
Nigeria	●	●	●	●	●	●	●	●
Peru	●	●	●	●	●	●	●	●
Poland	●	●	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●
Romania	●	●	●	●	●	●	●	●
Spain	●	●	●	●	●	●	●	●
UK	●	●	●	●	●	●	●	●
USA	●	●	●	●	●	●	●	●

**Total ILO Labor Conventions NOT ratified, by EDP Country**  
(max = 190)



## SECTOR EXPOSURE

BSR™ is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR™ develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.

### TOP 10 HUMAN RIGHTS RISKS FOR THE POWER AND UTILITIES SECTOR THE BSR REPORT - I

Top 10 Human Rights Risks for the Power and Utilities Sector is a study published in 2017 that identifies the 10 most relevant, urgent, and probable human rights impacts for businesses operating in the power and utilities sector. The information here is gathered from BSR's direct engagement with power and utilities companies, as well as our 25 years of experience helping companies in all sectors manage their human rights risks. The power and utilities sector comprises a wide range of businesses and activities, from electricity and heat, gas, waste, and water utilities to different actors in the energy markets, like power producers and energy developers. While each of these sub-sectors will have its own human rights profile and challenges, this brief highlights universal risks to the sector as a whole.



#### 1. Emergency Response and Community Safety

From natural disasters to hazardous waste spills, power and utilities companies have the potential to profoundly affect communities near their operations. The private sector is not only responsible for preventing and mitigating accidents and emergencies related to its operations, but for also participating in remedy mechanisms should they occur to ensure that their negative impacts are rectified.

##### Rights at Risk

Right to life, liberty, and security of person (UDHR Article 3; ICCPR Articles 6, 9). Right to adequate standard of living for self and family (UDHR Article 25; ICESCR Article 9)

#### 2. Bribery and Corruption

All power and utility companies—and especially those operating in countries with poor rule of law—are exposed to corruption risks. Corruption and bribery profoundly impact vulnerable communities, either by misdirecting funds that could be spent on healthcare, education, or other public goods or by preventing participation in the democratic process.

##### Rights at Risk

Right to equality before the law and to take part in government (UDHR Articles 7, 21)

#### 3. Health and Safety

Acute health and safety risks are common in the power and utilities sector, including hazards such as electrocution for grid operators, exposure to toxic substances for waste pickers, and inadequate protective equipment for indirectly hired employees. Long hours and shift work are also common, amplifying the possibility of human error. Contracted workforces are most vulnerable to such risks and for companies of the sector, contractor and supplier due diligence is an essential component of labor and human rights risks management.

##### Rights at Risk

Right to equality before the law and to take part in government  
Right to life, liberty, and security of person (UDHR Article 3; ICCPR Articles 6, 9; ILO C155)

Right to adequate living standard for self and family (UDHR Article 25; ICESCR Article 9)

Right to health (ICESCR Article 12)

#### 4. Employee Discrimination

This sector has historically been a male-dominated industry, sometimes resulting in unfair hiring practices, pay disparities, workplace harassment, and favorable treatment for majority groups in promotion and professional development. For companies operating in global markets, respecting employees' rights means securing equal opportunities for every member of their diverse workforce.

##### Rights at Risk

Right to equality and non-discrimination (UDHR Article 1, 2; ICESCR Article 2; ICCPR Articles 2, 26; ILO C100, C111)

Right to equality between men and women (ICESCR Article 3; ICCPR Article 3, ILO C156)

## TOP 10 HUMAN RIGHTS RISKS FOR THE POWER AND UTILITIES SECTOR THE BSR REPORT - II

### 5. Collective Bargaining

Outsourcing practices and greater independence of contractors may lead to a decline in collective bargaining and the effectiveness of workers' councils or representatives. This could reduce worker protection and exacerbate discrimination for vulnerable workers, as they often lack negotiating and bargaining power

#### Rights at Risk

Right to peaceful assembly and freedom of association (UDHR Article 20, 23; ICESCR Article 8; ICCPR Articles 21, 22; ILO C87) Right to collective bargaining terms and conditions of employment and to take industrial action (ICESCR Article 8; ICCPR Article 22; ILO C98) Right to equality and non-discrimination (UDHR Article 1, 2; ICESCR Article 2; ICCPR Articles 2, 26; ILO C100, C111) Right to adequate living standard for self and family (UDHR Article 25; ICESCR Article 9)

### 6. Land Acquisition and Resettlement

Power and utilities infrastructure projects may require land acquisition. This carries the risk that local communities may not be adequately consulted or compensated, especially in autocratic countries or where resettlement is forced. Indigenous communities are particularly vulnerable to these impacts, and companies are expected to adhere to the principle of "free, prior, and informed consent" when carrying out projects on indigenous lands.

#### Rights at Risk

Right to participate in cultural life, benefit from scientific progress, and protect intellectual property rights (UDHR Article 27; ICESCR Article 15; ILO C169)

Right to own property (UDHR Article 17)

### 7. Local Community Livelihoods

Developing countries often invite companies to invest in large infrastructure projects (e.g. through power plants and hydro dams, power grids, gas pipelines, and wind farms) to enhance energy security and provide for rising energy demand. The communities living near these projects, however, are sometimes overlooked, and they may be at risk of losing their livelihoods due to migration, disruption, or industrial pollution. These impacts may be felt far beyond the project boundaries and may not be immediately evident, as in the case of loss of cultural heritage or natural resources.

#### Rights at Risk

Right to life, liberty, and security of person (UDHR Article 3; ICCPR Articles 6, 9) Right to adequate standard of living for self and family (UDHR Article 25; ICESCR Article 9)

### 8. Security Forces

If not properly managed, large-scale projects may lead to protests over the use of land and increase the risk of violence. While security forces are often necessary to protect staff and assets in conflict-affected or weak-governance countries, use of such forces without adequate training, or with weapons in excess of their mandate, can give rise to serious violations.

#### Rights at Risk

Right to life, liberty, and security of person (UDHR Article 3; ICCPR Articles 6, 9)

### 9. Vulnerable Consumers

Utilities provide essential services for life and development. This does not mean that companies have to give away their products for free, but they should be cognizant of the broader impacts of their pricing and access policies. A regulated price structure should guarantee fair access to water, electricity, gas, and heat. When rising costs make these commodities unaffordable for lower income communities, this could create discriminatory access or black markets—it could also drive individuals to electricity theft with dangerous safety consequences.

#### Rights at Risk

Right to adequate living standard for self and family (UDHR Article 25; ICESCR Article 9)

### 10. Grievance Mechanism and Right to Remedy

Infrastructure development projects can put communities at risk—loss of housing, property, livelihoods, cultural practices, and security. Effective grievance mechanisms are essential to prevent adverse consequences and offer remedy when negative impacts cannot be avoided.

#### Rights at Risk

Right to an effective remedy (UDHR Article 8; ICCPR Articles 2)

## EMERGING ISSUES

### Human Rights and Climate Change

The power and utilities sector, specifically the production of heat and electricity, contributes more to greenhouse gas emissions than any other industry. Climate change already disproportionately affects vulnerable communities on a broad range of human rights, including health, water, food, sanitation, and other basic human needs, and these impacts are likely to increase.



[www.bsr.org](http://www.bsr.org)

### Privacy and Data Security

Smart metering systems are increasingly used by utilities to efficiently manage their service loads and to support continuing sector innovation. Analyzing consumption patterns requires data storage that may risk a breach—and the dissemination of private consumer data—with untold consequences.

### Conflict-Affected Areas

Coal, uranium, gas, and biomass for power production may be sourced from conflict-affected or high-risk areas. Risks linked to natural resource extraction in such contexts include child labor, forced labor, exploitative working conditions, security risks, and abuse of local communities.

### Human Rights in Wind Supply Chains

Mines and other extractive operations often have significant adverse impacts on neighboring communities and the environment. Among other things, extractive industries are frequently linked to armed conflict, corruption, human rights violations such as forced displacement, child labor, land

grabbing, destruction of ecosystems, depletion or pollution of water supplies, and air and soil pollution. These are issues that are related to the mining industry in general, not just to the segment that supplies the wind energy sector. However, by using its leverage throughout the upcoming energy transition, the wind energy sector will have the opportunity to make a positive impact on the mining industry, by making sure it does not support such damaging mining practices.



[www.somo.nl](http://www.somo.nl)

- Threatening livelihoods of local communities and indigenous people
- Health and safety issues for workers and local communities;
- Environmental issues;
- Corruption and tax avoidance;
- Violence and (armed) conflict.



[www.business-humanrights.org](http://www.business-humanrights.org)

### Investor Snapshot:

#### Wind Energy & Human Rights

##### Subsector sector-specific human rights risks

Based on the 22 company allegations recorded by the Business & Human Rights Resource Centre, companies involved in wind energy projects are particularly at risk for abuses of: indigenous peoples' rights, including lacking free, prior, and informed consent

(FPIC), and causing or contributing to displacement and loss of livelihoods; causing or contributing to violence, intimidation, and threats up to and including death threats. Additional research raises concerns related to labor rights. Wind energy companies are also at risk of contributing to human rights abuses through their mineral supply chains. The mining of copper, manganese, nickel, and zinc used in wind turbines is often associated with decreased access to water for local communities, increased instances of mining-related illnesses, and environmental pollution. Furthermore, energy storage technologies frequently built in tandem with wind projects are also at risk of contributing to child labor, abuses of indigenous people's rights and corruption through their cobalt and lithium supply chains.



[www.maplecroft.com](http://www.maplecroft.com)

### Human rights cast shadow over green energy's clean image - Human Rights Outlook 2019

Renewable energy is the 'green' panacea to the carbon-tinged reputation of fossil fuels, set to lead efforts to temper climate change and expand access to electricity. But as the third energy transition gathers pace, a deeper examination of the industry's supply chains and operational practices reveals a darker side when it comes to human rights.

Some of these challenges, such as those around the cobalt used in lithium-ion batteries, are well-known. However, while the persistent presence of child labor in Congolese cobalt mines has left companies struggling to address supply chain traceability, other human rights impacts from renewable energy may be flying under the radar.

Our research shows that labor rights issues are present in renewable energy supply chains, including in the manufacturing of solar panels and the

cultivation of palm oil and sugarcane used in biofuels. Looking further down the value chain, the rights of vulnerable communities can also be put at risk by major renewables projects developed on their land.

Outside of labour rights issues, companies involved in land-intensive renewable energy projects, such as wind and solar farms, face exposure to risks of association with land rights violations that can create delays and disruption. China, India, Brazil, Turkey, Mexico, South Korea and USA are amongst the countries where significant expansion of the wind sector is expected in the next decade or so. As figure 3 shows, five out of these seven countries are assessed as 'high' or 'extreme risk' in our indices covering indigenous peoples' rights, land rights; and security force violations.

Major projects in countries such as Kenya, Taiwan and Morocco have all been subject to scrutiny over these issues, but Mexico is the prime example of where we've seen these risks collide with negative impacts for operators and investors.

The state of Oaxaca is home to at least 28 wind farm megaprojects, many of which have been contentious due to their association with indigenous land rights violations, forced displacement, inadequate consultation and violations by security forces. Due to intense opposition by local communities, wind farms have faced lawsuits and operational delays, posing significant financial risk to investors. Protestors have faced intimidation, death threats and violence by Mexican security forces, exposing the country's wind energy sector to heightened reputational risks.



[www.workerscapital.org](http://www.workerscapital.org)

### Statement of Investor Commitment to Support a Just Transition on Climate Change

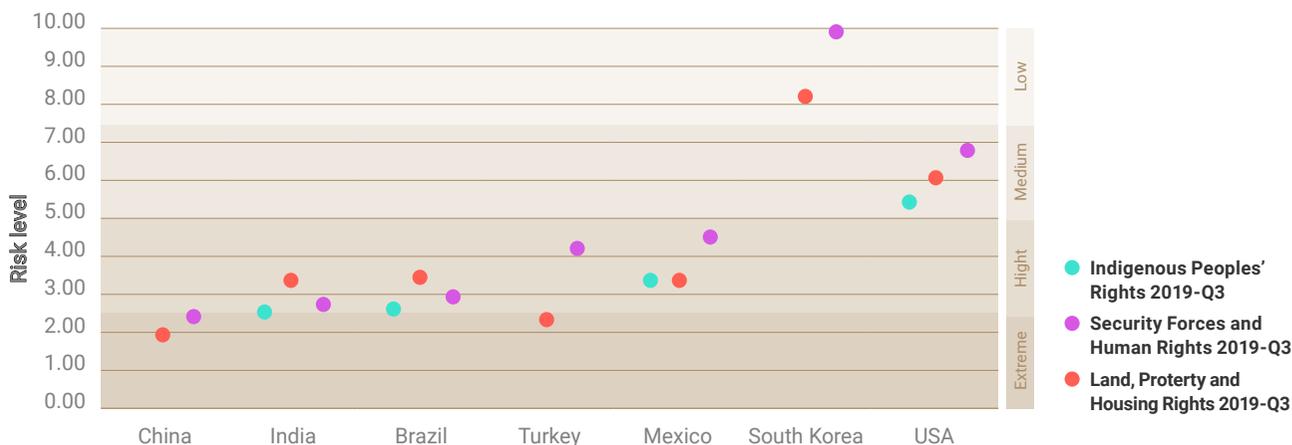
This statement is endorsed by 49 investors representing US \$3.7 trillion in assets. Investors can make an important contribution as stewards of assets, allocators of capital and as influential voices in public policy to make sure that the transition produces inclusive and sustainable development. There are multiple reasons for investors which together create a compelling case for investors to support the just transition, including:

- **Societal Goals:** The just transition enables investors to align themselves to strategic global objectives such as those contained within the Paris Agreement, the Sustainable Development Goals along with international labor and human rights standards.

- **Systemic Risk:** The just transition provides a way for investors to better manage the systemic risks of climate change by linking the environmental and social dimensions of long-term economic performance.
- **Fiduciary Duty:** The just transition is aligned with the fiduciary duty to capture the social and environmental drivers of value creation and serve beneficiary interests.
- **Materiality:** The responsible management of workforce and community dimensions of climate change are increasingly material drivers for value creation;
- **Opportunity:** The linkage of climate change with social factors provides a lens for investors to view new investment opportunities that generate returns and positive impact.



<https://www.unpri.org/download?ac=10382>



1.3.

# STAKEHOLDER RISK MAPPING

## LOCAL AND INDIGENOUS COMMUNITIES ASSESSMENT



SUSTAINABILITY REPORT 2020

The construction of wind and photovoltaic parks, as well as hydro energy, always has an impact on local populations. Wind farms have a very significant visual, sound and flying impact that can be mitigated but is not nullable. Although less visible, and not being a noise generator or a threat to flying species, photovoltaic parks “urbanize” wide territorial areas and generate a mirror effect. Dams transform vast areas of the territory, in an almost irreversible way.

Likewise, the transmission network continuously interferes with the landscape. This is the general cause that can affect the rights of people facing the construction of a renewable energy site, which includes the impact of construction work. Local authorities, landowners or users, neighbors, environmental organizations, all shall express their opinion and make a point in relation to the new construction. In regions where communities, and not just indigenous peoples, use collective territory, it is necessary to address additional aspects that can have a negative impact.

Likewise, the closure of coal-fired power plants generates local unemployment, which deserves appropriate local plans for the creation of new jobs and job retraining.

POTENTIAL ISSUES	WIND OFFSHORE	WIND FARMS	SOLAR FARMS	LARGE HYDRO	SMALL HYDRO	COAL PLANTS	GAS PLANTS	TRANSMISSION	DISTRIBUTION
Visual	●●	●●●	●	●●●		●●	●●	●●●	●●
Noise/vibration		●●●		●	●	●	●	●	
Fishing/farming	●	●●	●	●●●	●	●	●	●	
Historical Heritage				●●●					
Natural Heritage		●●●		●●●		●	●	●●●	
Land ownership		●●		●●●				●●	●
Safety risks		●						●	●●
Pollution						●●●	●		
Resettlements				●●●					
Unemployment						●●●			
Unshared Value	●	●●		●●●▲		●●	●●	●	
Accesses		●		●●●		●	●●		
Construction works		●		●●●		●	●	●	
Migrant workers influx				●●●		●	●		
O&M works		●				●●●	●●	●	●

Potential Risk	Issue presence	Incidents occurrence	Ongoing mitigation plans
●●●	●●●	●●●	▲

# COSTUMER ASSESSMENT



SUSTAINABILITY REPORT 2020

Undue power cuts and the transitory technical violation of private property keep going the relevant risks on costumer rights.

Undue power cuts mainly result from communications prior to the interruption not reaching the customer.

The technical violation of private property is essentially a situation in which the measuring equipment, owned by the Distribution Network Operator, is installed outside but without access from the public road, thus demanding access from a gate or wall.

Cutting trees for protecting bands, due to the owners' lack of knowledge or lack of contacts, is a also a risk situation.

The risk of personal data breach, agent fraud, and exposure of employees to physical intimidation by customers also deserves attention.

Potential Risk	Issue presence	Incidents occurrence	Ongoing mitigation plans

## Distribution and Commercialization of energy

POTENTIAL ISSUES	PORTUGAL	SPAIN	BRAZIL
Unjustified power cuts ▲			
Unjustified power cuts: patients			
Violation of personal data/privacy			
Physical violence			
Violation of private property			
Commercial Harassment			
Commercial Misinformation/swindle			

## Access 2 Energy: PV solutions

POTENTIAL ISSUES	MOZAMBIQUE	NIGERIA
Unjustified power cuts		
Unjustified power cuts: patients		
Violation of personal data/privacy		
Physical violence		
Violation of private property		
Commercial Harassment		
Commercial Misinformation/swindle		

# EMPLOYEES ASSESSMENT



OCCUPATIONAL HEALTH & SAFETY REPORT 2020  
SUSTAINABILITY REPORT 2020

The ethical process is the main system that captures disrespect for people’s individual rights. The detailed information is published in the EDP Group’s Sustainability Report as well as in the reports of the Spain, Brazil and Renewable business units. The expansion of the ethical channel, carried out in 2019, increased the number of contacts received compared to previous years.

Potential Risk	Issue presence	Incidents occurrence	Ongoing mitigation plans

POTENTIAL ISSUES	EUROPE	SPAI NORTH AMERICAN	SOUTH AMERICA
Salary arrears / non-payment			
Excessive overtime hours			
Excessive continuous work hours			
Violation of the right to weekly rest/vacation			
Wages below the legal/contractual minimum			
Inhibition of Collective Bargaining/association rights			
Child labor			
Youth work in hazardous activities			
Lack of training and protection/safety equipment			
Violation of the right to medical leave			
Violation of the right to care for one's family			
Forced labor situation			
Use of illegal workers			
Use of non-contract workers			
Inadequate conditions for posted workers			
Health & Safety risks			
Breach of personal data			
Gender discrimination in careers/salaries/duties			
Racial/ethnic discrimination			
Sexual harassment			
Verbal harassment			
Physical violence			

# SUPPLY CHAIN ASSESSMENT RISK MAP INCIDENTS



OCCUPATIONAL HEALTH & SAFETY REPORT 2020  
SUSTAINABILITY REPORT 2020

As of 2019, the performance of all critical EDP suppliers began to be assessed in relation to Human and Labor Rights. These suppliers represent ~90% of the purchase volume. Thus, in addition to risk assessment and control in the selection of suppliers, performance was also monitored. This process, which was already applied to contractors, was extended to Tier1 suppliers.

The most frequent problems are related to excessive working hours, non-compliance with rest periods and insufficient compliance with safety rules. Issues that continue to require great monitoring.

The most severe problems are related to fatal accidents, fundamentally coming out from non compliance with safety rules by contractors.

Also, peace instability, as it is the case for Colombia, affects supply chain respect for human and labor rights

Potential Risk	Issue presence	Incidents occurrence	Ongoing mitigation plans

## Suppliers Tier 1

POTENTIAL ISSUES	CONTRACTORS	SERVICES	EQUIPMENT	FUEL
Salary arrears / non-payment				
Excessive overtime hours				
Excessive continuous work hours				
Violation of the right to weekly rest/vacation				
Wages below the legal/contractual minimum				
Inhibition of Collective Bargaining/association rights				
Child labor				
Youth work in hazardous activities				
Lack of training and protection/safety equipment				
Violation of the right to medical leave				
Violation of the right to care for one's family				
Forced labor situation				
Use of illegal workers				
Use of non-contract workers				
Inadequate conditions for posted workers				
Health & Safety risks				
Breach of personal data				
Gender discrimination in careers				
Gender discrimination in salaries and duties				
Racial/ethnic discrimination				
Sexual harassment				
Verbal harassment				
Physical violence				

## SUPPLY CHAIN ASSESSMENT PURCHASE RISK

### Supply Chain Impacts

EDP Group studies and monitors the country and sector risk impacts of its supply chain. Through input-output methodologies, it is possible to estimate the probability of events with a negative impact and adjust due diligence procedures to suppliers. In direct suppliers, gender inequality is the risk most likely to occur, since it may be present in 18.34% of the purchasing volume, followed by 10.3% related to corruption risks and 7% linked to political instability, ineffectiveness of justice and fragility of public services. The risk exposure of indirect suppliers contrasts sharply with that of direct suppliers. For indirect suppliers, with whom EDP does not establish commercial relations, the probability values go from 0.54% for child labor and 0.39% for forced labor up to 7.9%, 1.4% and 13.4% for, respectively, health and safety, excessive working hours and low wages. As a result, EDP's supply chain sustainability management implies the development of processes and systems to ensure the direct supplier's commitment to improving the sustainability of its own supply chain, thus taking sustainability requirements to indirect suppliers. The application of the EDP Supplier Code of Conduct, as well as close monitoring and follow-up of the suppliers' performance, are the two fundamental pillars to address these risks.

### Supplier Management

Through the "Sustainable Procurement Policy" and the "Supplier Code of Conduct" operationalized by the "Sustainability Protocol for the Supply chain", the strategic objectives for sustainability in supply chain management are defined and the criteria for selection, monitoring, evaluation and development of supplier companies implemented.

### Sustainability Goals

The sustainability objectives are operationalized through five goals that are to be achieved by the end of the year 2020

- Systematically reduce the accidents of contractors and service providers;
- Protect Human Rights in the supply chain, according to the Ruggie - Global Compact methodology;
- Audit contractors and service providers with sustainability risks;

- Evaluate 100% of suppliers critical to Sustainability criteria;
- Ensure environmental, safety and occupational health certification of 100% of suppliers exposed to high risks.

### Selection and relationship with suppliers

The Global Procurement Unit (UPG), through the EDPartners program, ensures the integrated coordination of the activities of registration, selection, qualification, ESG assessments, evaluation and analysis of provider risk. The combination of four vectors (1) country (2) economic activity (3) ESG supply impact matrix (ESG registration and assessments) and (4) sources of external information about the supplier, guarantees the analysis of sustainability risks. In this way, it is possible to analyze trends and provide EDP with an integrated analysis of the entire supply chain, which is essential for a feeling of partnership and the creation of shared value.

The EDP Group categorizes and selects its suppliers by applying a risk and criticality analysis methodology where, in addition to the standard criteria applicable to all suppliers, the minimum sustainability requirements specific to each

contract are defined. In conjunction with the technical and normative criteria, each activity to be contracted is characterized in relation to the supplier's access to EDP customers, EDP's technical equipment/workplaces, sensitive data, exposure to Health and Safety risks, Environmental risks and Ethical, Labor and Human Rights risks. Criteria such as the irreplaceability of the supplier or the consequence of interruption of supply, as well as the importance for operation and innovation are equally essential in this segmentation. As a result of this characterization, the contract specifications define the minimum sustainability requirements that all candidate suppliers must comply with.

## RELATED TO DIRECT AND INDIRECT PURCHASES

### TIER 1 RISK

### TIER N + 1 RISK

Child Labor	0.0%	0.5%
Control of Corruption	10.3%	19.8%
Forced Labor	0.0%	0.4%
Gender equity	18.3%	25.7%
Government Effectiveness	7.3%	15.7%
High Working Hours	0.0%	1.4%
Low Wages	0.3%	13.4%
Occupational Health & Safety Risk	0.0%	7.9%
Political Stability and Absence of Violence/Terrorism	7.1%	17.9%
Regulatory Quality	0.0%	11.0%
Rule of Law	7.1%	16.3%
Voice and Accountability	0.0%	12.5%

### Pass or fail rule

In establishing minimum mandatory sustainability requirements the EDP Group applies the “pass or fail rule” principle, which allows it to ensure that all suppliers have the appropriate skills and profile for the type of risks that arise from the activities they have to carry out. The rules that everyone must accept and comply with are defined and listed in the procurement documents (Code of Conduct, General Purchase Conditions and Contractual Terms). As such, the specifications contained in the proposals include sustainability criteria related to performance, mandatory specifications not subject to negotiation, which in the case of processes subject to qualification systems and depending on the specific risk of supply, require verifications, due diligences, audits and certifications in management systems (quality, environment and occupational safety). Thus, the negotiation of price, technical proposal and commercial conditions are factors in the selection of suppliers applicable only to proposals from suppliers with a low sustainability risk. As a result, suppliers who do not meet the minimum sustainability requirements are excluded from the consultation process.

After hiring a supplier, a plan for monitoring contractual performance is established which seeks to ensure compliance with the rules established in the contract specifications. The monitoring plan is adapted to the specificities and risks of each contracted activity, covering both commercial, quality, ethical, labor and human rights aspects as well as, when applicable, environmental and health and safety aspects.

This monitoring plan includes a set of procedures and checks, from which audits and inspections, improvement plans and training actions can be highlighted. At least once a year, the performance of suppliers is assessed through a system

common to the entire EDP Group and its results enable the identification of areas for improvement in the policies and procedures for managing the contractual relationship, as well as excluding suppliers whose performance is inadequate.

### Supply chain development

Supplier Registration System, brings together in a single platform all the information relevant to the Procurement activity, aggregating financial, economic, environmental and social data, thereby allowing the EDP to obtain a risk profile of its employees in real time. In this way, the different business areas of EDP can make faster and more informed decisions, based on duly validated quality information. This risk assessment approach consists of a combination of results obtained by third party sources with the analysis of information submitted by the supplier, bringing together the generation of different scores (financial, operational and compliance) and alerts.

### Qualification Systems

Is designed to assess the profile, capacity and suitability of the supplier and its supply of goods and services for the acquisition needs of the EDP Group.

### Assessment Program

Consists of carrying out on-site audits at the supplier’s premises, aiming to obtain information about the degree of compliance of suppliers with the requirements set forth in the EDP Supplier Code of Conduct and, depending on the result obtained, to establish a plan of corrective and improvement actions. All defined plans are monitored by EDP, providing full support to its suppliers so that, within a perspective of ongoing improvement, they can implement the measures identified.

### Supplier Evaluation program

Enables the EDP Group to measure and quantify the contractual performance of its suppliers in a structured and systematic way. In line with the Supply Chain Sustainability Protocol, the model implemented, in addition to aspects such as execution and operation, mainly considers the evaluation of criteria related to the aspect of sustainability, namely, prevention and safety, environmental management and respect for human, labor and ethical rights. In order to reinforce involvement and partnership with its supply chain, EDP intends with this decentralized process to motivate contract managers to identify, together with their suppliers, areas for improvement and development in order to positively impact improvement throughout its value chain.

### Supplier dialog

At a more relational level, EDP continues to strengthen its consultation with its suppliers through targeted online surveys and initiatives such as EDPartners Talks, which promotes bilateral dialogue to gather experiences in supplier relations with the EDP Group, promoting the ongoing development of communication with its stakeholders. With an objective focused on providing information, the EDP Group conducts EDPartners Workshops annually, making the EDP Group strategy known to the entire value chain, thereby enabling the sharing of knowledge and innovative ideas between the parties.

In the coal sector, EDP remains an active participant in the Bettercoal initiative.



<https://bettercoal.org/>

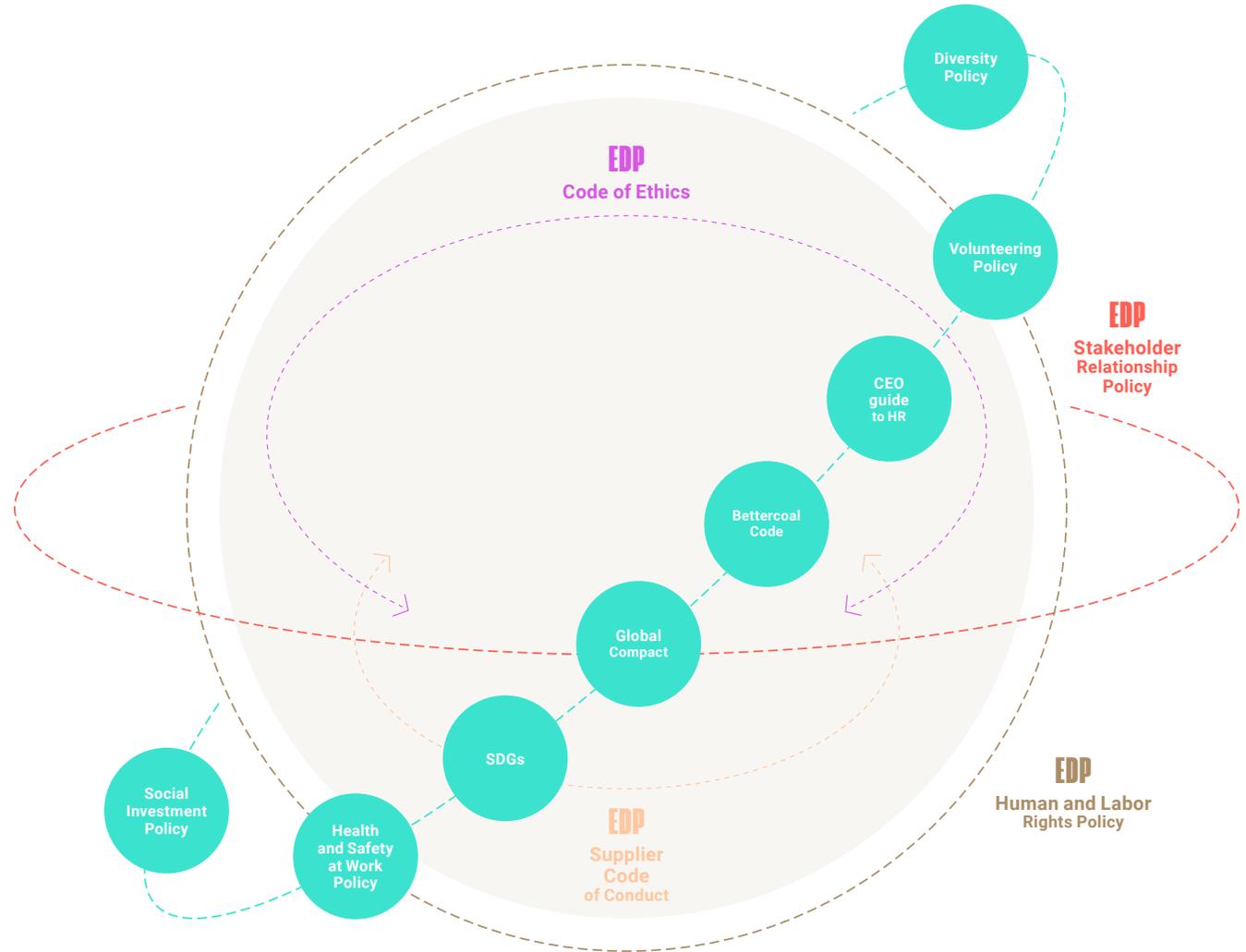
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# GOVERNANCE

## EDP HLR ARCHITECTURE

Human and Labor Rights Policy is assigned to the Human and Labor Rights Working Committee of the Sustainability Committee of the Sustainability Committee chaired by the Company's CSO and directed by the Human and Labor Rights corporate director.

Human and Labor Rights executive work is directed by the Human and Labor Rights corporate director which is the senior manager in charge.



All policies of the EDP Group are approved by the executive board of directors, after technical preparation by a working group that includes the performance of international benchmarking and the engagement of the business units, as well as validation by the various regulatory bodies of the company.

**Human and Labor Rights policy**

EDP develop four policies. One to specify the commitment to respect HLR and establish the framework methodology. Another to define the relationship approach with its stakeholders. Another to define the expectations of EDP itself and another to define the expectations of suppliers. In addition, EDP has developed related policies that focus on promoting rights. In particular, but not only, the Rights of Diversity, Health and Safety, Volunteering and Social Investment (philanthropy).

**In short, HLR policy:**

Is approved by the Executive Board of Directors, informed by international benchmark and establishes its operationalization through the UN Guiding Principles on Business and Human Rights.

Covers all stakeholder groups and stipulates the enterprise's human rights expectations of personnel and partnerships through the Code of Ethics and expectations of suppliers through the Supplier Code of Conduct.

Is a binding document in employment contracts and a contractual clause for contractors and suppliers. Is a reference document in setting up joint ventures and acquisitions.

Is published in Portuguese, English and Spanish and available online. Is extended through versions for regional or sectorial purposes (geographies, customers, new infrastructures, coal suppliers).

Is taught and discussed in workshops and e-learning.

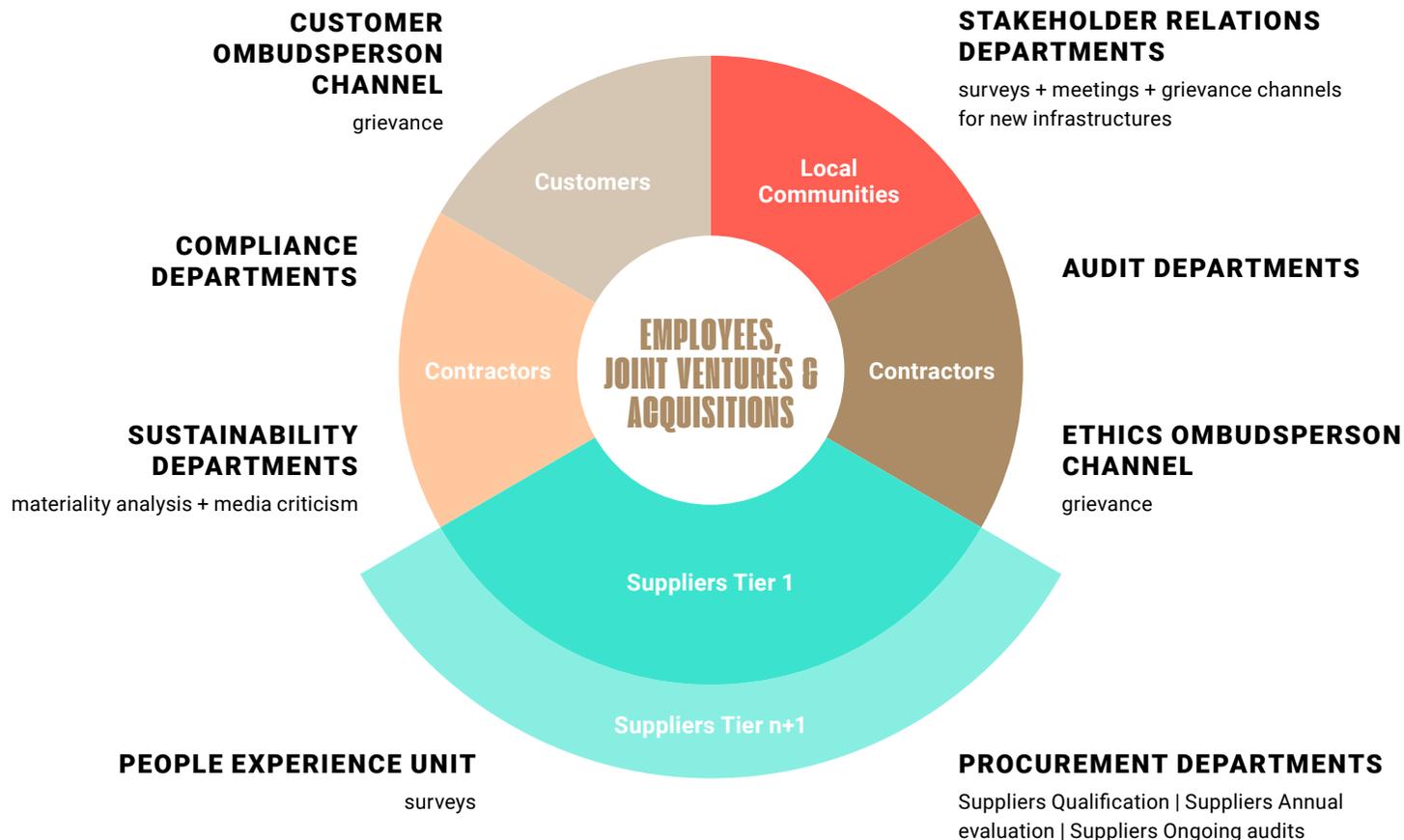
Is incorporated into risk analysis, qualification and performing evaluation of counterparties, assessment systems, stakeholder management, operational procedures, audits and KPIs.

## WORKING COMMITTEE ANNUAL ASSESSMENT OF THE ENSEMBLE OF PROCEDURES

The Human and Labor Rights Working Committee is an operational committee composed by the directors of the corporate departments that have action related to human and labor rights. The Working Committee is chaired by the CSO and directed by the corporate Human and Labor Rights director.

Once a year, the Committee has a special meeting to assess the performance of the year, identify and analyze the changes that must be made to the procedures and standards and approve the action plan for the following year.

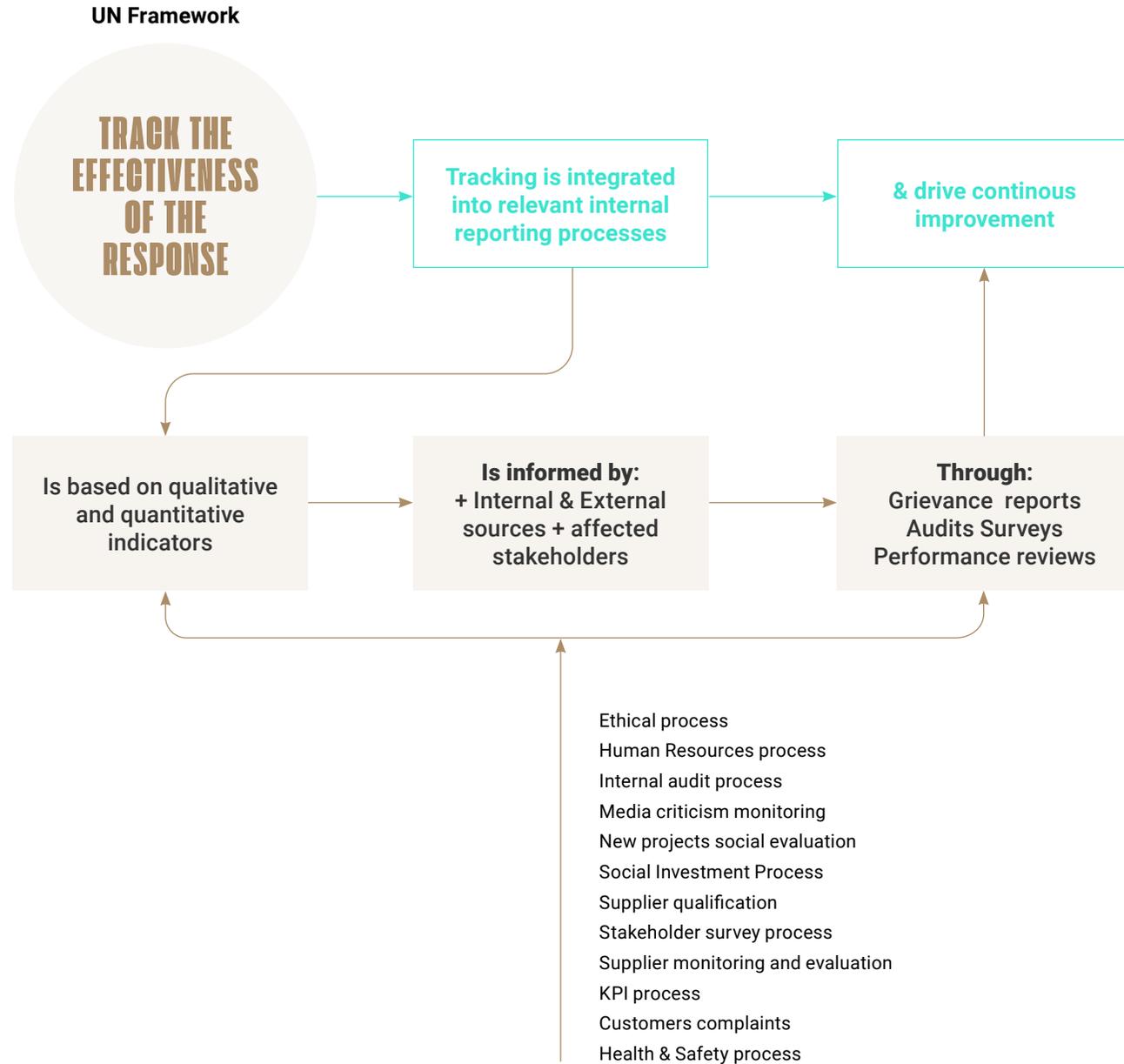
On top of the due diligence measures in all its Business Units – including new projects and acquisitions, suppliers, contractors, joint ventures, agents, customers and employees – annually, the Group develops a transversal monitoring process aimed at verifying effective practices, assessing the degree of compliance with the principles and commitments assumed, particularly of the risks identified as most relevant, identifying new potential risks, developing the necessary corrective actions and taking new management decisions to change any procedures in need.



This procedure's assessment or monitoring process takes evidence from the ensemble of due diligence processes.

**The assessment is Human and Labor Rights specific.**

DO THE IMPLEMENTED PROCEDURES NEED IMPROVEMENT?
Digital management systems
Internal standards
Risk assessment and management
Audits
Complaint and reporting channels
Training
Other
Proposals of improvement:



## PROCEDURES REVIEW AND FINDINGS

As established in the UN Guiding Principles on Business and Human Rights framework, Due Diligence processes must be reflected in operational policies and procedures necessary to embed it throughout the business enterprise.

However, this also implies that the procedures as a whole are periodically checked and aggregated results and improvement needs are communicated.

This section reviews the main topics related to internal procedures that guarantee the various Human Rights and Labor Due Diligence processes.

## 2020 REVIEW FINDINGS

### Training

Not all business units and areas have the same level of comfort regarding the mastery of Human Rights and Labor Due Diligence methodologies. This opinion is fundamentally explainable by a difference of contexts. Where the pressure is reduced there is greater comfort and where the occurrence of phenomena or incidents is greater, people feel a greater need to discuss approaches. This topic must be worked on.

### External review

Analysts find it difficult to get information related to Due Diligence processes because it is poorly developed in the Sustainability report. This is not completely factual but the observation is understandable because the structure of the report is developed by themes but also by groups of stakeholders and the information is spread over several chapters. But, fundamentally, it seems that analysts prefer to find a greater description of the procedures and, above all, a greater description of the management approaches and details related to each infrastructure. This report seeks to favor this integrated approach.

### Infrastructure websites

Analysts also seek to identify serious and behavior-dependent cases in an organization. In particular, analysts want more detail on the impacts of infrastructure on local communities, especially on indigenous communities. Companies are supposed to publish their risk maps and plans to address negative impacts or, at the very least, information that demonstrates the type of dialogue with the affected stakeholders. The EDP Group has a procedure to create a website for each infrastructure, publishing there information relevant to the community and enabling mechanisms for complaints. However, the full list of websites is not published.

### How far do you control the value chain?

The subject of human and labor rights continues, with good reason, very much guided by the concept of respect for collective and fundamental rights. Multinational companies are supposed to have negative impacts or, at least, that their activities are associated with violations of fundamental rights. It is therefore extremely significant to trace a company's value chain and publish that information. But it is also necessary to demonstrate proactivity in managing these risks. The theme is particularly relevant in the value chains linked to the primary industries, in particular the extraction of minerals, agricultural production, fisheries and silviculture. The power industry has difficulty in endorsing this issue as it is downstream to the manufacturing industry. And this characteristic tends to increase with the strong reduction of fossil fuels consumption for electricity generation. The EDP Group has excellent control over its suppliers and first tier contractors, in fact all critical suppliers representing -90% of purchases volume are selected and evaluated against human and labor rights, but does not have the leverage to extend its due diligence processes to indirect suppliers. However, this is a topic that invites reflection on the established procedures.

### CEO guide to Human Rights

EDP's CEO pays particular attention to the theme of Human and Labor rights, not only because he chairs the various Committees dealing with these policies, namely the Sustainability Committee, the Human Resources and Diversity Committee, Stakeholders, Ethics and Compliance, but also because internationally commits to its promotion. This is the case of the CEO Guide to Human Rights prepared by the WBCSD and which corresponds, albeit in a simplified way, to the Ruggie methodology and the OECD manual. However, although simple, this Guide has an increased interest in relation to these methodologies since it poses the challenge to all CEOs to take the issue of Human and Labor Rights in their hands and defines the steps that should preside over communication and promotion of corporative culture. This dynamic is very relevant when discussing Due Diligence processes because it gives a broader meaning and fits it in the company's strategy. Due Diligences hard task processes, compliance controls and positive listening, benefit from a sense of purpose, of added value to company and to society that only the CEO may promote with great effectiveness and major visibility,

### Benchmarking is worth it

The performance of international benchmarking has a very positive effect on the perception that employees and external stakeholders have about the company. Not so much for the pride that comes from it, but especially for the level of demand with which everyone is available to maintain leadership in an issue as sensitive as that of labor and human rights. This dimension is a valuable complement to the bureaucratic and formal processes that characterize due diligences and have the virtue of being transversal to all work fronts and groups of stakeholders.

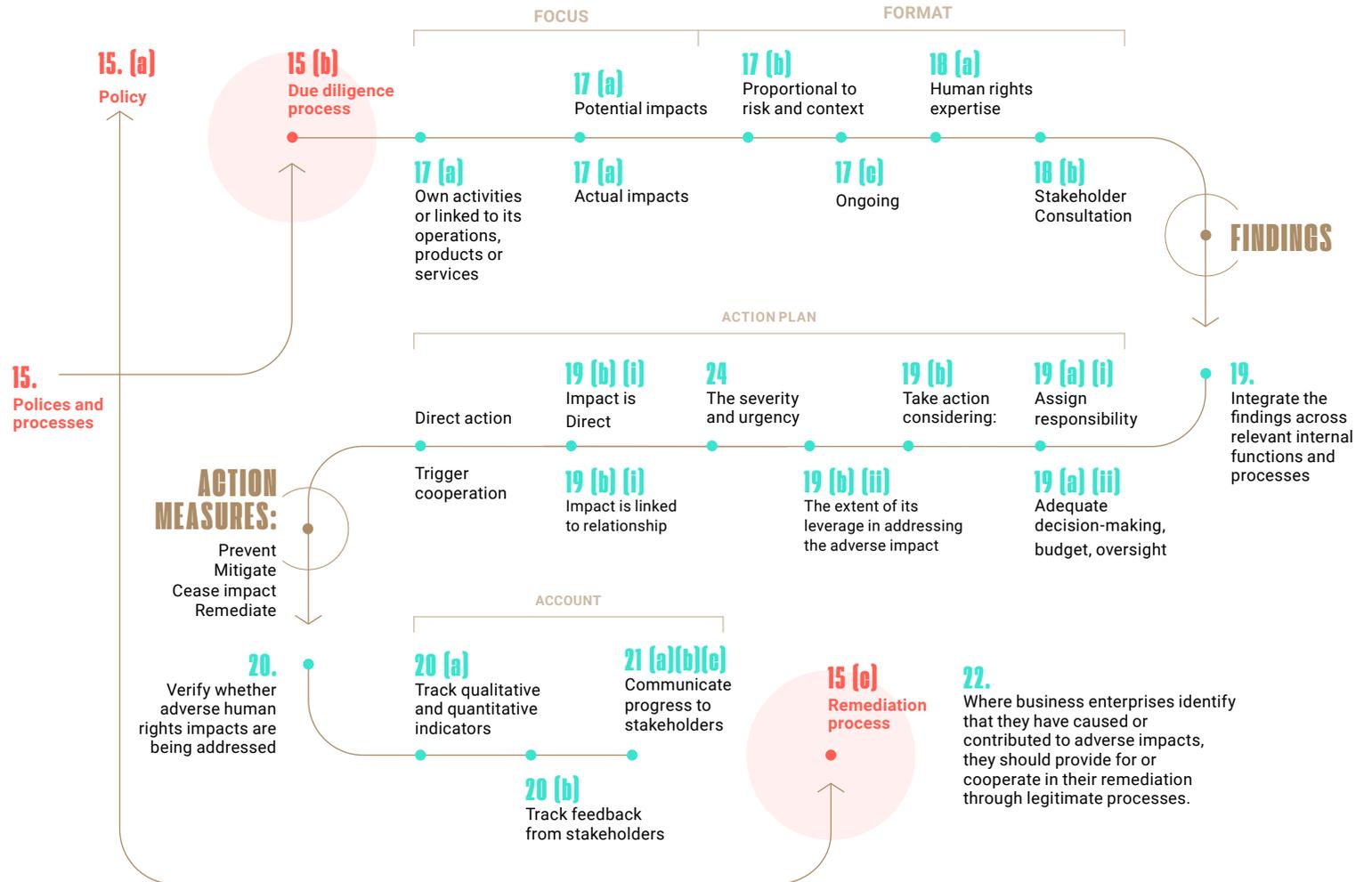
In 2020, the EDP Group was recognized, for the seventh consecutive year, as one of the most ethical Companies in the world. As well the RobecoSAM corporate sustainability assessment process ranked EDP Best-in-Class in the area of human rights for utilities, with a full 100 points.

EDP is also positioned in the Top 1% of the universe of companies that adopt human rights commitments, as assessed by VIGEO, as well as being recognized as a Top Performer in the utilities sector in the field of human rights, listed in 1st place with 82 points out of 100.

# UN DUE DILIGENCE FRAMEWORK

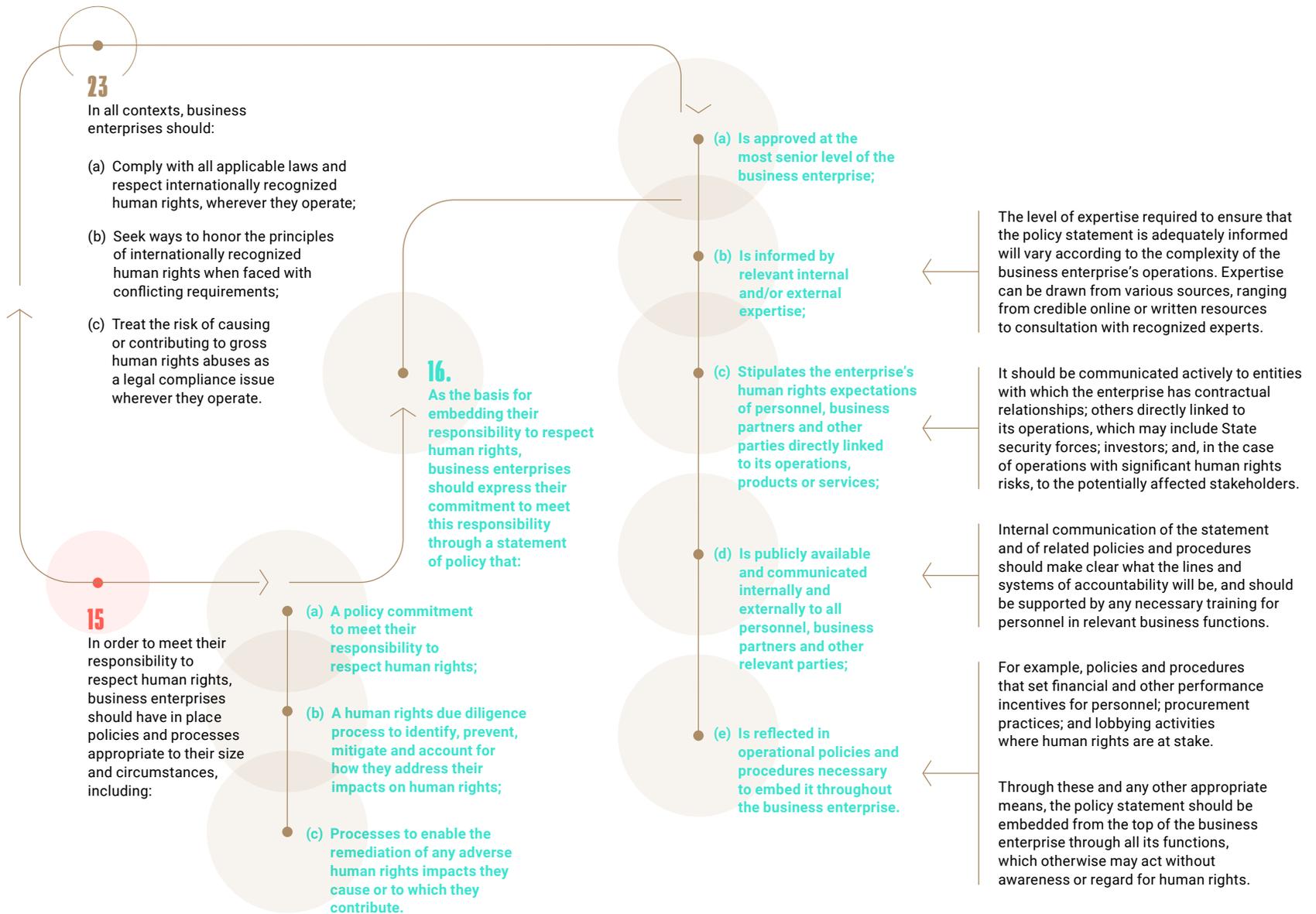
The full due diligence process is described in the flowchart on this page. The Ruggie methodology, which guides it, does not deviate from the general methodology of quality processes. What is particular about the human rights framework is the link between problem and action. EDP's due diligence model transposes the Ruggie model literally.

This diagram does not dispense with reading the original framework, especially the comments without which it is not possible to get the picture. There are numerous variants of the Ruggie model, starting with the OECD guidelines, but none denies the solidity of the original.



See pag. 50/52 for complete diagram

# UN POLICY FRAMEWORK



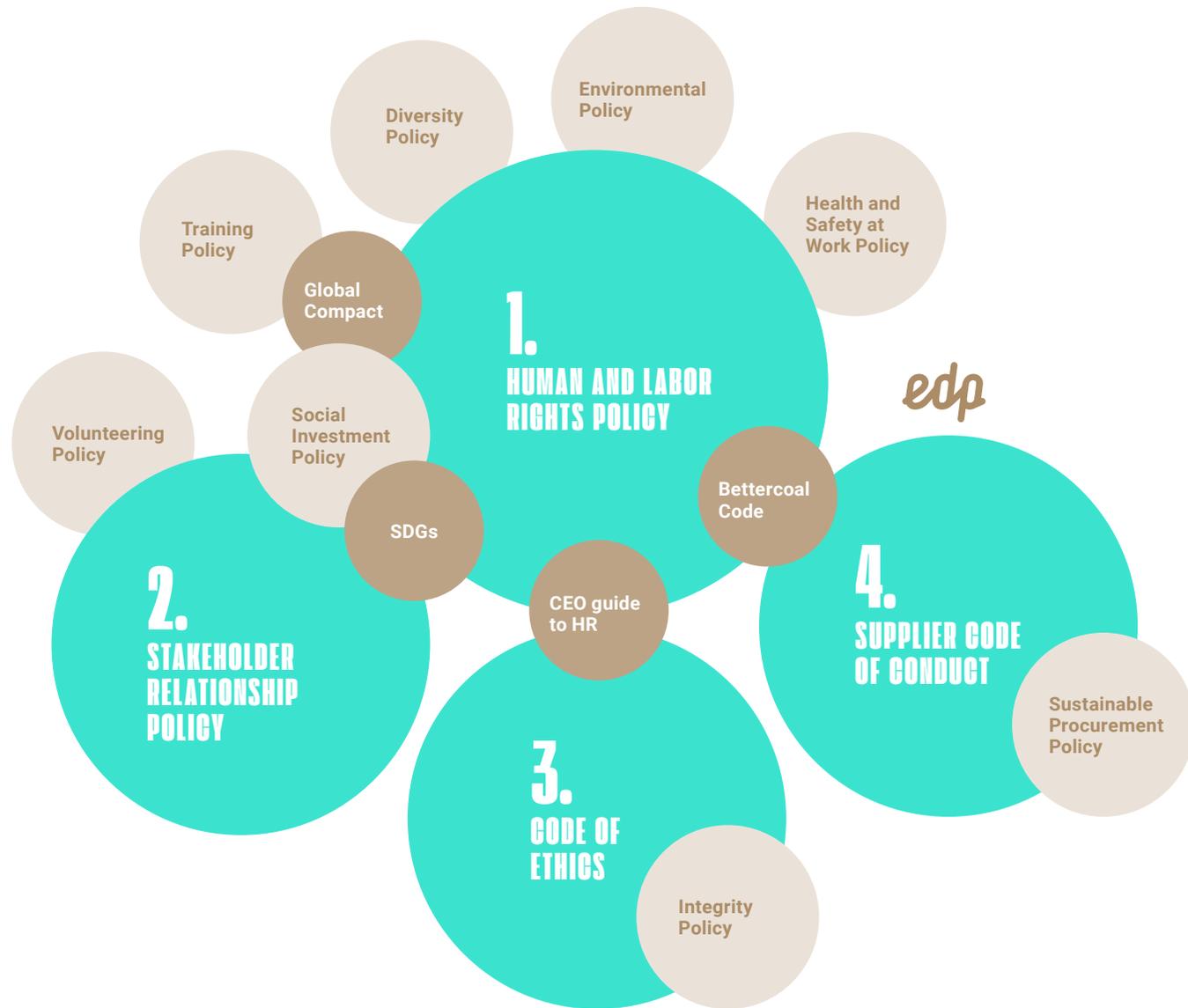
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# POLICIES

## HUMAN AND LABOR RIGHTS: WHAT DO WE STAND FOR?

- 4 Policies implement the respect to Human and Labor Rights
- 8 Policies promote those rights
- 4 External commitments also promote the rights



# HUMAN AND LABOR RIGHTS POLICY

## 1. Substantiation

In 2003 the EDP Group subscribed to the United Nations Global Compact, the following year approved its Sustainable Development Principles and, in 2005, published the first edition of the Code of Ethics. No longer than 2006, the EDP Group established a new business strategy setting the priority to renewable energy investment. In 2021, the EDP Group reinforced its growth and internationalization strategy, assuming the “All Green by 2030” ambition and enlarged international recognition, for its ethical excellence and deep respecting of human and labor rights in all dimensions of its activity.

Since the founding years of the internationalization and decarbonization strategy, the Code of Ethics has been updated and revised enabling the organization to face new challenges and risks, tackling the contemporary social transformation, and, in the same way, several policies were published, orienting specific themes, developing the principles established in the Code of Ethics. In this sense, in 2017, the Declaration of Respect for Human and Labor Rights was approved, committing to the United Nations Guiding Principles on Business and Human Rights, including the development of risk maps, deeper reporting on human and labor rights management, enhanced internal procedures, particularly in supply chain management.

Now, taking the strengthening of the internationalization strategy through investment in renewable energy and the revision of the EDP Group’s Code of Ethics, carried out in September 2020, it became necessary to update related policies and procedures, namely the specific policy of respect for Human and Labor Rights.

Accordingly, and informed by international references, listening to stakeholders, the complaints system and the media, the Executive Board of Directors (EBD) decided to update the EDP Group’s Declaration of Respect for Human and Labor Rights Policy (article 14-a), transforming it into the Human and Labor Rights Policy (HLRP), on July 2021, as follows.

## 2. Objective

The Human and Labor Rights Policy (HLRP) aims to ensure respect for Human and Labor Rights in the EDP Group’s sphere of activity, implementing the commitments defined in its policies, specifying the international reference treaties and standards and establishing the procedures that ensure compliance with them.

## 3. Scope

The HLRP applies to all EDP Group companies and employees, business relationship and activities, in all its geographic locations, regardless of the local practices or level of social and economic development.

In implementing the HLRP, the EDP Group respects national legislation and international treaties and standards according to the stringent standards. The HLRP is in force even though national law may not transpose the international treaties and standards.

## 4. EDP’s References

The HLRP develops and implements the principles of respect for human and labor rights established in the following EDP fundamental policies:

- a) Code of Ethics
- b) Stakeholder Relationship Policy
- c) Supplier Code of Conduct

## 5. Internacional Standards and Directives

The HLRP transposes to EDP’s sphere of activity the human and labor rights commitments and procedures defined by international standards and directives, namely:

- a) United Nations Global Compact
- b) United Nations Guiding Principles on Business and Human Rights
- c) OECD Due Diligence Guidance for Responsible Business Conduct
- d) Directive of the European Parliament and of the Council on Corporate Due Diligence and Corporate Accountability

## 6. Internacional Treaties and Conventions

The HLRP sets out for the EDP Group’s sphere of activity its commitment to respect all internationally recognized human and labor rights, namely:

a) Within the scope of the United Nations Organization:

i. "International Bill of Human Rights", including:

- i. Universal Declaration of Human Rights, 1948
- ii. International Covenant on Civil and Political Rights, 1966
- iii. International Covenant on Economic, Social and Cultural Rights, 1966

ii. Instruments to protect vulnerable people and groups, including:

- i. International Convention on the Elimination of All Forms of Racial Discrimination (1965)
- ii. Convention on the Elimination of All Forms of Discrimination against Women, 1979
- iii. Convention on the Rights of the Child, 1989
- iv. International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990
- v. Convention on the Rights of Persons with Disabilities, 2006
- vi. Declaration on the Rights of Indigenous Peoples, 2007

b) Within the scope of the International Labor Organization (ILO):

i. The eight Fundamental Principles and Rights at Work and related conventions, including:

- i. Freedom of Association and Protection of the Right to Organize Convention, (No.87), and the Right to Organize and Collective Bargaining Convention, (No.98)
- ii. The elimination of all forms of forced or compulsory labor (Conventions 29 and 105)
- iii. The effective abolition of child labor (Conventions 138 and 182)
- iv. The elimination of discrimination in relation to employment and occupation (Conventions 100 and 111)
- v. Respect Labor Standards on Working time (Conventions 1, 14 and 106)
- vi. Protection of Occupational Health and Safety (Conventions 155 and 187, Protocol 2002)
- vii. The guarantee of payment of a minimum wage (2008 ILO Declaration on Social Justice for a Fair Globalization).
- viii. Understanding the Indigenous and Tribal Peoples Convention, 1989 (No. 169)
- ii. The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy regarding the principles and conventions not included in the eight Fundamental Principles and Rights at Work where applicable.

**7. Strategic Commitments**

The EDP Group is committed to respecting and enforcing all internationally recognized human and labor rights, identified in article 6. This commitment means:

- a) Support the International Bill of Human Rights, subscribe to and implement the Principles of the Global Compact and the instruments to protect vulnerable people and groups.
- b) Apply the ILO Declaration on Fundamental Principles and Rights at Work and related conventions and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- c) Operate a human and labor rights management system that is active and present in all its activities, implementing the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct and the Directive of the European Parliament and of the Council on Corporate Due Diligence and Corporate Accountability.

**8. Action Principles**

The EDP Group implements its strategic commitments to respect all internationally recognized human and labor rights, identified in article 6, through the application of the following action principles:

- a) Identify, prevent and monitor the risks related to human and labor rights that are salient in its sector of activity, developing and keeping a Human and Labor Rights Risk Map up to date.

- b) Guarantee it will not be complicit in human and labor rights abuses or disrespect.
- c) Recognize as stakeholders: workers and their families, local communities, and any other person or group of people whose lives and environment may be influenced by EDP's activities, including their legitimate representatives, labor unions, social or environmental organizations.
- d) Engage constructively with its stakeholders, especially those affected or likely to be affected by its activities, incorporating their views and concerns within business decisions and the development of its approach to human and labor rights.
- e) Avoid adverse impacts that may arise from business operations or relationships, ensuring remediation in the event of their occurrence and undertaking not to retaliate against accusations, and cooperating in initiatives that promote access to remediation through legitimate judicial or non-judicial mechanisms.
- f) Ensure the proper functioning of a system to report occurrences and make complaints, with a guarantee of confidentiality and non-retaliation.
- g) Communicate and report with transparency its approach to human and labor rights, identifying risks and impacts, mitigation, compensation and remediation measures taken and the results of such actions.
- h) Extend the same commitments to its business partnerships and suppliers, working towards to extend these same commitments to their supply chains and their partnerships.

- i) Work with its partners and suppliers to mitigate adverse impacts that are directly linked to its operations, products or services through its own mechanisms or through cooperation in the development of third-party non-judicial solutions.

### 9. Assignments

To ensure effective management of respect for Human and Labor Rights established in this HLR Policy, the EDP Group:

- a) Establishes the Human Rights Working Committee, chaired by a director of the EBD, managed by the corporate director responsible for Human and Labor Rights, and made up of the corporate directors with assigned responsibilities in the area of this policy, that is, ethics, sustainability, compliance, legal, auditing, management and labor relations, procurement and supplier management, prevention and safety, risk, and stakeholder management.
- b) Assigns a corporate senior director to the strategic and operational management of HLRP implementation, that assumes direct responsibility to the EBD.

### 10. Human Rights Working Committee

The Human Rights Working Committee works closely together with the HLRP director, giving statements on issues to be submitted to the EBD and ensuring consistency of the procedures across all departments and business units. The duties of the Human Rights Working Committee are:

- a) Assess the Annual Report and the Improvement Plan, prepared by the Human and Labor Rights corporate director, submitting it to the EBD.

- b) Analyze impact assessment and due diligence procedures.
- c) Consider and contribute to the salient Human and Labor Rights Risk Map.
- d) Advice on the development of performance indicators and provide an opinion on external assessments related to Human and Labor Rights.
- e) Analyze negative occurrences relating to Human and Labor Rights and the measures taken.
- f) Consider matters submitted to it by the corporate director of Human and Labor Rights.

### 11. Operational Procedures

HLRP implementation in field activities is ensured through the adoption of operational procedures that include, in particular:

- a) Adopting a risk mapping methodology involving the ongoing updating and quality control of the risk map and salient impacts on human rights related to the EDP Group's activities, informed by international references, by proactive listening to stakeholders, by the complaints system and by the media.
- b) Carrying out and publishing human rights impact assessments (HRIA) or environmental and social impact assessments (ESIA) covering human and labor rights, prepared by independent third parties, whenever substantial infrastructure projects or closures are undertaken, or when entering new businesses or geographies.

- c) Communicating human and labor rights to its target audiences in an accessible and appropriate manner, especially to affected stakeholders who raise issues, providing quality information to assess the appropriateness of the response(s), in a way that does not pose risks to stakeholders or affected personnel.
- d) Applying human and labor rights criteria when establishing investment partnerships, implementing a Due Diligence system ensuring the United Nations Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.
- e) Applying requirements for assessment, contracting, training, auditing, and exclusion of suppliers regarding human and labor rights practices. Specially for supply chains that are internationally recognized as being at risk, suppliers shall be bound to the following obligations:
  - i. The obligation to provide complaint channels or mechanisms (proprietary, third-party, or shared).
  - ii. The obligation to apply conflict minerals regulations and ensure import minerals and metals come from responsible sources.
  - iii. The obligation to certify contractors that provides infrastructure security.
  - iv. The application of a Human and Labor Rights Policy and a Due Diligence system implementing the United Nations Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.

## 12. Ethics Channel

The Ethics Channel is accessible to all individuals, workers and citizens, and communities or organizations, that may be adversely impacted by the company or, irrespective of this, that wish to complain, denounce, clarify or expose any situation, i.e. those related to human and labor rights.

## 13. Communication

The communication of the HLRP is carried out on a permanent basis, as follows:

- a) Published on the corporate website and intranet, as well on the institutional websites of the business units.
- b) Communicated, explained, and explicitly made known to and acknowledged by the employees.
- c) Integrated within the training plans on Ethics, with special attention given to decision-makers and managers and the salient issues of human and labor rights.
- d) Included in the EDP Group's business relationships with other companies, namely suppliers, equity stakes and joint ventures.
- e) Published in the body of the annual report on Human and Labor Rights and disclosed together with the other policies of the EDP Group.

## 14. Entry Into Force

- a) The HLRP replaces the Declaration of Respect for Human and Labor Rights approved in May 2017.

- b) The HLRP is effective from the date of its approval and for an indefinite period, and may be updated or revised, by deliberation of the EBD.

- c) The EDP Group companies are responsible, within the scope of their action, to implement the necessary procedures and actions for the correct implementation of the HLRP.

- d) The internal standards and procedures impacted by the HLRP should be updated to incorporate and ensure their full implementation and periodic updating.

## 15. Ethics Channel Contact

As of today, the Ethics Channel is available on the Internet at:

- a) <https://www.canaldeetica.com.br/edpbrasil/>
- b) <https://www.edpr.com/en/make-a-complaint>
- c) <https://www.edpr.com/pt-pt/fazer-uma-reclamacao>
- d) <https://www.edpr.com/es/presentar-una-queja>
- e) <https://www.edp.com/en/contact-ethics-ombudsperson>
- f) <https://www.edp.com/pt-pt/contacte-o-provedor-de-etica>
- g) <https://www.edp.com/es/contacto-con>

## STAKEHOLDER RELATIONSHIP POLICY

### 1. Understand

#### Include, Identify, Prioritize

Be accountable to those who are impacted by the organization and those that have an impact on the organization, ensuring that minorities have the same capacity for involvement as other Stakeholders;

Dynamically and routinely identify Stakeholders that influence and are directly and indirectly influenced by the company and its activities, as well as the issues identified as relevant by the Stakeholders;

Prioritize, fairly, Stakeholders and the issues raised by them as relevant.

### 2. Communicate

#### Inform, Listen, Respond

Guarantee access to information by establishing direct and efficient two-way communication channels, actively providing clear, understandable and accurate information to different Stakeholders;

Consult and listen, proactively and continuously, to the concerns, interests and expectations of Stakeholders, prepare consultation plans and engagement strategies tailored to the characteristics of different Stakeholders;

Respond to the relevant issues identified by Stakeholders within a reasonable time, given the characteristics of the Stakeholders involved.

### 3. Trust

#### Transparency, Integrity, Respect, Ethics

Establish a transparent relationship with Stakeholders, to ensure that they know and understand the Company's objectives;

Inform Stakeholders about the economic, environmental and social impacts of the organization or of a particular project, that might have a significantly impact on them;

Respect the opinions and rights of Stakeholders, treating them fairly, without discrimination, with respect for diversity and their legal rights;

Guarantee that engagement actions are based on the values, policies and ethical principles of the EDP Group.

### 4. Collaborate

#### Integrate, Share, Cooperate, Report

Integrate the relevant contributions identified by Stakeholders in the company strategy;

Share knowledge and skills with Stakeholders;

Work in partnership to build solutions, establishing strategic partnerships that produce positive results for both parties;

Share the company's performance results as well as the results of the different Stakeholder engagement processes, providing - when appropriate - verified performance information.

## EDP CODE OF ETHICS

### (EXCERPT) - I

#### 1.2 Health and Safety

Occupational health and safety for all employees and suppliers is a priority for EDP.

Occupational health and safety for all employees and suppliers is a priority for EDP, the objective being “zero accidents” and, at the same time, the ongoing concern to put people’s well-being before any operational need. No situation or urgency of service can justify endangering someone’s life, physical integrity or safety.

Occupational health and safety for all employees and suppliers is a priority for EDP, the objective being “zero accidents” and, at the same time, the ongoing concern to put people’s well-being before any operational need. No situation or urgency of service can justify endangering someone’s life, physical integrity or safety.

EDP wants its workers to have working conditions favourable to their good health, and therefore encourages them to have healthy practices. EDP provides its workers with complementary medical protection and assistance. Based on the reinforcement of a vertically based culture of prevention and safety, EDP promotes the training and the briefing of all employees on the risks inherent to its activities and protects the facilities and equipment by adopting the best techniques, combined with the monitoring and updating of work procedures. The importance EDP attaches to these issues extends to the supply chain and goes beyond compliance

with legal requirements, in all companies and in all regions in which it operates. The excellence required in this area can only be achieved with the involvement and accountability of all levels of management and the support and contribution of all employees, service providers and other stakeholders.

#### **We must**

**1.2.1** Ensure that everyone, including suppliers and in particular those who act on our behalf, comply with the safety rules and practices and the labor legislation in force

**1.2.2** Ensure, both internally and externally, the continuous strengthening of a safe and healthy working environment, namely through awareness raising, training and the sharing of good practices.

**1.2.3** Monitor and assess risks and occurrences.

**1.2.4** Report any non-conformities detected, as well as the observation of incidents, whether accidents or near misses.

**1.2.5** Take permanent precautions to avoid putting ourselves or others at risk, whatever the circumstances

**1.2.6** Get to know the procedures applicable in the event of an emergency.

**1.2.7** Exercise the right of refusal in the event of unsafe conditions for carrying out the activity.

#### **We must not**

**1.2.8** Fail to apply the same principles, policies and safety procedures in all activities and with all players

**1.2.9** Disregard the strict fulfilment of health and safety objectives.

#### 1.4 Diversity and Inclusion

Today EDP has a global presence, integrating diverse people all over the world. We value and promote this diversity as a factor creating value and innovation.

We recognize that multiplying differences is to go further, to bring together points of view and ways of seeing the world, to integrate all aspects, to be consciously inclusive, particularly by means of profiles, paths and experiences that bring value and enable us to do what we have to do best. We actively seek not to be influenced by any bias, conscious or unconscious, and we take steps to enhance an inclusive culture that makes everyone feel welcome. We foster diversity and inclusion by ensuring equal opportunities as an employer, which we also encourage in our suppliers.

#### **We must**

**1.4.1** Promote mutual respect and equal opportunities in the face of diversity by providing an inclusive working environment free from prejudice and discrimination.

**1.4.2** Ensure an environment where all people feel respected and safe in being who they are.

**1.4.3** Encourage the inclusion of all expressions of human diversity

**1.4.4** Ensure that suppliers who act on behalf of EDP are aware of our commitments in this area.

#### **We must not**

**1.4.5** Determine nor constrain any type of decision based on discriminatory factors, namely, ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition,

**(EXCERPT) - II**

genetic heritage, reduced work capacity, disability, chronic illness, nationality, ethnic origin or race, place of origin, language, religion, political or ideological beliefs, trade union membership, or on the basis of job, activity or professional category.

**1.4.6** Discriminate, neither in the recruitment process or at any other time in the relationship between employees and the company, such as training, professional development, recognition and mobility within and between companies, among others.

**1.5 Harassment**

EDP promotes a culture free from any sort of harassment, understanding this to be systematically undesired behavior of a moral or sexual nature, in a verbal, non-verbal or physical form, which has the goal or effect of disturbing or embarrassing another person, or affecting their dignity or creating an intimidating, hostile, degrading, humiliating or destabilizing environment.

Moral or sexual harassment can occur in any strata of society, context or place of work, affecting the person regardless of their ancestry, age, sex, sexual orientation, gender identity, marital status, family status, economic or cultural situation, education, social origin or condition, genetics, reduced working capacity, disability, chronic illness, nationality, ethnic origin or race, territory of origin, language, religion, political or ideological convictions, trade union membership or, in addition, job, activity or category. Harassing forms of behavior in a business context violate the victims' labor rights, and may affect their value as people and workers, causing harm that can have an impact on their self-esteem, physical and mental health, life project and family relationships. In addition to the

legal obligations to which EDP is subject to, it is the duty of all workers to prevent, confront and report any and all behavior that may preclude a situation of harassment. The duties and/or principles laid down in specific legislation and in internal regulations shall apply to proxy holders, representatives and suppliers.

**We must**

**1.5.1** Refrain from engaging in any form of behavior which may constitute harassment at work.

**1.5.2** Prevent and combat harassment at work.

**1.5.3** Report harassment at work of which we are a victim or witness, through existing communication channels.

**1.5.4** Promote awareness actions on the subject.

**We must not**

**1.5.5** Tolerate any form of behavior involving moral harassment, such as: systematically devaluing the work of co-workers or employees; promoting the social isolation of co-workers or employees; constantly ridiculing, directly or indirectly, a physical or psychological characteristic of coworkers or employees; establishing goals and objectives that are impossible to achieve or deadlines that are not feasible; assigning inappropriate functions to the professional category of employees; unjustifiably not assigning certain functions to employees; taking ownership of ideas, proposals, projects or work from co-workers or employees; sending persistent invitations to participate in social or recreational activities, when the target person has made it clear that the invitation is unwanted.

**1.5.6** Tolerate any form of behaviour involving sexual harassment, such as: repeating suggestive remarks or comments about co-workers' sexual appearance or

orientation; systematically making phone calls and sending unwanted messages of a sexual nature; repeatedly sending sexual gifs, drawings, photographs or images; intentionally promoting unnecessary and unsolicited physical contact or approach; conditioning the hiring, professional progression or any other employment benefit, through unwanted activity of a sexual nature.

**1.5.7** Retaliate against plaintiffs or witnesses of harassing behavior

**1.6 Human Rights**

EDP respects and undertakes to promote Human Rights internally, in its suppliers, customers and the communities where it operates, namely in indigenous communities, by guiding its actions according to the Universal Declaration of Human Rights and international conventions, treaties or initiatives, such as the Conventions of the International Labour Organisation, the United Nations Global Compact and the Human Rights Council's Guiding Principles for Companies. In particular, EDP is against arbitrary detention, torture or execution and the sexual exploitation of children and adolescents; in favour of freedom of conscience, religion, organisation, association, namely trade union, opinion and expression; it respects the principles relating to the safeguarding of human life, physical and mental integrity, health and safety at work, equality and non-discrimination, fair wages and the prohibition of child, youth and forced labour; it also recognises the right to collective bargaining. The principle of applying Human Rights in all decisions, including investment decisions, is visible in the commitment to full respect for Human Rights reaffirmed by EDP's Executive Board of Directors in 2019, the year in which it subscribed to the "CEO's Guide concerning Human Rights" of the World Business Council for Sustainable Development. The action points in this guide, in particular, involve knowing the most relevant Human Rights

**(EXCERPT) - III**

for EDP, leading from the top, engaging with stakeholders in a transparent manner and collaborating beyond its comfort zone.

**We must**

**1.6.1** Respect and comply with the legal and regulatory rules on Human Rights in force in the jurisdictions applicable to the EDP Group, with reference to the principle of the highest requirement.

**1.6.2** Ensure the commitments freely undertaken in all areas of EDP's intervention, regardless of the level of requirement of national and local legislation.

**1.6.3** Ensure compliance with the commitments assumed in EDP's "Declaration of respect for Human and Labour Rights", maintaining a Human and Labour Rights Monitoring Programme to identify risks and to act in order to avoid, minimise or repair any negative impacts arising from the Company's business and activities.

**We must not**

**1.6.4** Participate in or consent, actively or passively, by action or omission, to practices that may constitute any violation of Human Rights, reporting it whenever this happens.

**1.6.5** Accept any forms, no matter how subtle, of Human Rights violations by third parties who supply us with products or provide us services.

**1.6.6** Employ child, youth or forced labour, or engage in such practices by third parties who provide us with products or services.

**2.1 Relationship with Shareholders**

EDP is committed to creating value for its shareholders.

The "shareholder value" is supported by strategic decisions that influence the sustainability of the various businesses of the company, the excellence of execution and the delivery of solid results according to plan. Shareholder confidence, decisive for investment in the development of the Company, is thus a counterpart to the crucial choices made, such as the anticipated investment in the massive production and use of renewable energies, together with a robust sustainability policy, materialised in particular through the active contribution of various international commitments in terms of human rights, labour, the environment and the fight against corruption. The focus on "leading an electric future" is currently a new challenge that the Company once again embraces in anticipation, and which will enable it to continue to ensure sustainable and distinctive business in the energy sector. In complex and demanding contexts where factors such as regulation, government policies, the evolution of markets and economies, among others, strongly condition the Company's performance, EDP honours its commitments to this important stakeholder through firm actions in which integrity and transparency are also essential.

**We must**

**2.1.1** Inform the market, in a transparent manner, about the Company's performance, taking into account the legal obligations and the needs of the stakeholders, providing, in the information supplied, qualitative and quantitative elements identifying economic, financial, social, environmental and reputational risks, in a complete and clear manner and ensuring the quality of the information provided.

**2.1.2** Provide the market with due knowledge of the existence of any event regarding the company, the disclosure of which is likely to interfere with the respective economic, environmental or social situation.

**2.1.3** Establish policies and procedures that ensure the separation of EDP's interests from those of its shareholders.

**2.1.4** Respect the principle of equal treatment for shareholders, and for all other stakeholders, providing necessary information in a timely, appropriate, truthful, transparent and accurate manner.

**2.1.5** Include the risk of bad ethical practices in the general management of corporate risk, identifying the respective warning signs.

**2.1.6** Systematically be aware of the expected economic performance of our areas of activity, actively seeking to contribute to achieving the goals set.

**We must not**

**2.1.7** Undertake, under any circumstances, acts that jeopardise EDP's reputation, namely acts related to financial matters, corruption and bribery, conflicts of interest, or use of information and assets.

**2.1.8** Stop challenging the adopted practices, always in a constructive context and given that it is of crucial importance to promote efficiency.

**2.2 Relationship with Customers**

EDP is a customer-focused company, which understands its specific and changing expectations and acts in a constant search to create solutions that guarantee their satisfaction, particularly through close relationships and a strong ability to listen. Customer satisfaction translates into greater loyalty and a better relationship with the Company, which contribute to the growth of turnover and results. This logic of management based on "customer-value" presupposes the undertaking

**(EXCERPT) - IV**

of commitments by the Company in terms of establishing fair prices, clear and reliable communication of information concerning the characteristics and advantages of the solutions being sold, and the provision of a high-quality service based on robust operations, among others. In addition, taking into account the demanding regulatory context of the sector, EDP has, whenever necessary, implemented mechanisms that ensure the scrupulous fulfilment of the duties to which it is obliged, that is, a universal public service, for economically vulnerable customers, of information transparency, of separation of “regulated” and “free” activities, among others.

**We must**

**2.2.1** Produce and present honest, transparent commercial proposals adapted to the needs of current and potential customers.

**2.2.2** Ensure that the advertising messages we transmit do not include discriminatory elements of any kind.

**2.2.3** Provide relevant, truthful and accurate information, in plain language and adapted to their needs, through responding to requests, doubts and complaints.

**2.2.4** Act with correctness, courtesy and professional pride in relations with customers, respecting their rights, sensibilities and diversity.

**2.2.5** Promote ongoing improvement in our performance, as well as the quality of the products and services we provide.

**2.2.6** Promote the adoption of responsible behavior by customers, and consumers in general, which has a positive impact on the environment and society

**2.2.7** Set up and maintain simple and effective contact channels.

**We must not**

**2.2.8** Under any circumstances disregard the protection of our customers’ personal data, namely through not collecting information for marketing purposes without their express consent to do so.

**2.2.9** Exploit our customers’ lack of knowledge or vulnerabilities to promote new products and services.

**2.2.10** Include derogatory messages in formal and informal communication regarding our competitors and their products and services.

**2.2.11** Use stereotypes which diminish human dignity in advertising and marketing campaigns.

**2.3 Relationship with Suppliers**

EDP, as an “extended” company, currently incorporates a set of partners, with whom it works and shares responsibilities, who act and speak on our behalf with customers, citizens and other stakeholders. Maintaining relations of trust with these companies is fundamental to EDP’s success. The success of the partnerships we build depends on how we choose them and the commitment we all show in strengthening such relationships. Our relationships with suppliers are based on criteria of impartiality, fairness and loyalty and we respect their independence and identity. Under no circumstances does EDP use its possible dominant position in the market to gain advantages in its relationship with its suppliers.

**We must**

**2.3.1** Select suppliers based on EDP policies and procedures which include ethical, technical and economic selection criteria – which are clear, impartial and pre-determined.

**2.3.2** Ensure that suppliers comply with health and safety standards and practices, environmental rules, labor law and Human Rights.

**2.3.3** Respect each partner’s own identity, but require them to fulfil, when entitled to act on EDP’s behalf, the duties set forth in this Code

**2.3.4** Ensure the confidentiality of information from suppliers and respect their intellectual property

**2.3.5** Ensure that suppliers do not become economically dependent on EDP by taking the necessary preventive measures.

**We must not**

**2.3.6** Agree to participate in decision-making processes selecting suppliers, which may generate situations of a potential conflict of interests

**2.3.7** Impose unfair conditions on suppliers or fail to comply with agreed conditions, particularly in regard to payments.

**2.3.8** Maintain partnerships with suppliers which do not respect the commitments they made to EDP.

**2.4 Relationship with Communities**

EDP creates a positive impact on society by valuing not only its employees and partners, but also the communities in which it operates, through respecting their sensitivities and cultures. The promotion of sustainable development in the regions where we are present and with the communities with whom we interact is one of the pillars on which our business strategy and our reputation are based. We have developed a culture of corporate citizenship and involvement with society through cultural initiatives, such as promoting access to culture and art and

**(EXCERPT) - V**

protecting cultural heritage, but also socially, such as promoting social inclusion and the adoption of sustainable lifestyles, valuing energy inclusion and access to energy. We also promote environmental initiatives, such as the protection of natural heritage and biodiversity, but also, and above all, we promote energy efficiency, renewable energy and decarbonization.

Understanding, communicating, trusting and cooperating are the guiding commitments for the active and transparent involvement that EDP continually promotes with local communities.

**We must**

**2.4.1** Maintain an active relationship of proximity with local communities in the regions where we operate, engaging in regular, open and frank dialogue, seeking to learn about their needs, respecting their cultural integrity, seeking to contribute to improving the living conditions of local populations.

**2.4.2** Maintain appropriate communication channels to inform citizens about the environmental impacts of our infrastructures as well as the risks and dangers of energy, whether these result from its normal use or from its misuse, or from the exploitation of facilities and equipment under its responsibility.

**2.4.3** Promote access to energy for communities isolated from the electricity grids, efficient energy use and the adoption of more sustainable lifestyles.

**2.4.4** Recognize the rights of ethnic minorities and indigenous peoples where appropriate.

**We must not**

**2.4.5** Involve ourselves, on behalf of EDP, in social actions that do not reflect our commitments and strategies of involvement with the community.

**2.4.6** Start any intervention without listening to stakeholders to assess possible social impacts and specify any necessary mitigation measures.

**3.1 Environment**

We look at the Environment as an asset and its preservation as a duty. A strong culture of environmental risk management is essential to reduce our ecological footprint. We are therefore committed to implementing the best solutions to avoid or mitigate the environmental impacts of our activity and to continuously improve our performance. We effectively address risks and opportunities by integrating environmental management into business processes, strategy and decision-making, aligning them with other business priorities and incorporating environmental governance into its global management system. The success of our environmental policy depends on everyone's commitment, the way we think, act and influence.

**We must**

**3.1.1** Act in accordance with the precautionary principle, when our activities may result in serious and irreversible damage to human health or the environment, even if uncertain but scientifically plausible. In these situations, we should take measures to avoid or mitigate these effects

**3.1.2** Align our activities with national and international environmental protection strategies.

**3.1.3** Promote environmental awareness by acting as mobilizing agents in the defense and protection of the environment.

**3.1.4** Deepen our knowledge of the environmental risks and impacts of our activity, to improve decision making.

**3.1.5** Actively promote the development of more environmentally sustainable technologies.

**3.1.6** Cooperate with environmental authorities and listen to other stakeholders in the quest for ongoing improvement in our environmental performance

**3.1.7** Promote our environmental policy internally and with our partners and other stakeholders

**3.1.8** Promote and collaborate to achieve the United Nations' Sustainable Development Goals.

**We must not**

**3.1.9** Use or authorize materials/products, technical solutions and/or internal or subcontracted operational processes that endanger or degrade the Environment, when alternatives which are less harmful to the environment and economically competitive with the former are known.

**3.1.10** Ignore or neglect situations which jeopardise the environment, the company's legal compliance or defraud the expectations and needs of stakeholders.

**3.1.11** Make it difficult to analyse accidents or near-accidents of an environmental nature by refusing to participate or omitting relevant information.

**3.2 Energy Transition**

The world is undergoing a profound process of transformation in search of sustainable development in where one of the major challenges is to slow down ongoing climate change while ensuring a fair energy transition. The escalation of climate change confronts mankind with the urgent need to reduce CO<sub>2</sub> emissions. If global warming is not limited to a maximum of 1.5°C, extreme events, natural imbalances and rising oceans

**(EXCERPT) - VI**

will have devastating effects on infrastructure and cities, jobs, health and social well-being. The consequences for the environment and biodiversity will also be incalculable and dramatic. Climate urgency requires all companies to take on the ethical duty to substantially reduce and eliminate, where possible, carbon dioxide emissions. We are committed to meeting ambitious CO2 reduction targets within the next decade and achieving carbon neutrality by 2050, cooperating with more than a hundred countries to limit global warming to 1.5oC. In EDP's view, it is not only electricity that should be decarbonized. Through continuous innovation, renewable electricity production should increase to replace fossil fuel consumption in industry and transport. Through renewable electricity it will be possible to produce green hydrogen and ensure the decarbonisation of the planet.

**We must**

**3.2.1** Contribute to ensuring affordable, reliable and sustainable energy, promoting the adoption of more flexible, clean and efficient production technologies.

**3.2.2** Adapt infrastructures to ensure their efficient operation in conditions where extreme events resulting from climate change will be increasingly frequent and more intense.

**3.2.3** Promote the digitalization of the energy sector, guaranteeing the collection and handling of information, supporting greater inclusion of the various stakeholders, thereby ensuring digital inclusion for all.

**3.2.4** Develop technological solutions and products and low carbon and high efficiency services which facilitate and support the needs already identified in the market in areas such as mobility, storage, flexibility management and energy efficiency management in the community.

**3.2.5** Contribute to the increase of "energy literacy", both internally and externally, by helping to place us, as well as the population in general, with greater and better capacity to intervene in a fair and equitable energy transition

**3.2.6** Promote the development of public measures to address energy poverty and the protection of vulnerable consumers.

**3.2.7** Stimulate the development of energy efficiency measures and services with customers.

**3.2.9** Contribute to the increased use of renewable energy in transport and industries.

**We must not**

**3.2.10** Implement solutions or make investments without prior analysis of climate, environmental and social impact and without ensuring compliance with the EDP Code of Ethics and Policies.

**3.2.11** Acquire products or services without assessing the production and supply chain and without ensuring the sustainability principles advocated by EDP.

**3.2.12** Move away, individually and collectively, from the fight for decarbonisation and for a fair and inclusive energy transition for all.

**4.1 Personal Data Protection and Privacy**

Privacy is a fundamental right . With regard to the processing of personal data, its subjects are entitled to a series of precautions that will effectively preserve their privacy and protection. EDP collects, processes and retains personal data to the extent strictly necessary for the fulfilment of its purposes. EDP has policies and procedures in place that

ensure the privacy, security and protection of the personal data of all its employees, suppliers and other subcontractors, customers and stakeholders in general. Suppliers who are entitled to act on behalf of EDP must also provide guarantees of compliance with privacy of personal data protection requirements.

**We must**

**4.1.1** Tailor the processing of personal data to duly legitimate purposes and ensure that access to data is made on a "need-to-know" basis

**4.1.2** Respect the rights of data subjects and ensure that requests received are answered promptly.

**4.1.3** Provide the data subjects with all relevant information on the data processing carried out, in particular about the purposes for which the data will be used.

**4.1.4** Ensure that data processing and conservation are carried out securely, applying appropriate technical and organisational measures.

**4.1.5** Respond promptly and appropriately in the event of a breach of privacy and data protection.

**4.1.6** Ensure that suppliers who carry out the processing of personal data on behalf of EDP comply with the rules on security and protection of personal data.

**We must not**

**4.1.7** Use personal data without any grounds for legitimacy.

**4.1.8** Share personal data with third parties without the explicit consent of the data subject or any other Ensure that data ground of legitimacy.

**(EXCERPT) - VII**

**4.1.9** Transfer personal data outside the country of origin without first obtaining advice from the Compliance department.

**4.1.10** Collect and process sensitive personal data such as health status, sexual orientation, political opinions, religion, racial origin, among others, outside the situations foreseen by law or without the explicit, free, informed and unequivocal consent of the data subject.

**4.1.11** Keep personal data from its subjects for longer than is strictly necessary.

**4.4 Corruption and Bribery**

Illicit acts such as corruption, influence peddling, money laundering or terrorist financing jeopardises the peace, security and well-being of citizens, as well as the stability of markets. These practices also undermine democracy and the Rule of Law, diverting resources necessary for the growth and development of society, and promoting instability, insecurity and mistrust among citizens. Therefore, in a framework of zero tolerance, the prevention and fight against corruption and bribery has been widely and increasingly adopted at a global level, namely in the proliferation of legislation and promotion of cooperation between private entities and public authorities. EDP prohibits the practice of corruption and bribery, in active or passive forms, either through acts or omissions, or through the creation and/or maintenance of situations of favouritism through facilitation payments or other irregularities. EDP has measures to prevent, detect, correct and control all forms of corruption, conflict of interest, money laundering, terrorist financing and other illegal acts.

**We must**

**4.4.1** Anticipate and clarify situations which may constitute or be perceived as corruption or bribery

**4.4.2** Respect, in the relationship with employees and those responsible for public entities, the duty of exemption to which they are subject, avoiding any action which, directly or indirectly, has a fraudulent, coercive, manipulative or deceptive influence, and refrain from giving them or promising any kind of benefit which is not due to them.

**4.4.3** Make known, comply with and enforce internal rules on facilitation payments, political contributions, donations and sponsorships

**4.4.4** Report any signs of alarm or actions which may be associated with a potential act of corruption, bribery and/ or other unlawful acts on the appropriate channels.

**4.4.5** Comply with internal rules regarding due diligence in the integrity identification and analysis (Integrity Due Diligence) of third parties before establishing business relationships, ensuring the adoption of planned and applicable risk mitigation mechanisms.

**We must not**

**4.4.6** Accept or offer gifts, presents, loans, hotel stays, personal services or other gratuities, even if in the form of preferential treatment of customers, suppliers, a governmental authority or any other person or entity related to the Company's business, which may result in obtaining some kind of personal advantage, for the Company or for undue third parties.

**4.4.7** Accept or offer any equity advantage or its promise in return for any act or omission contrary to the functions performed and/or when such advantages are not due.

**4.4.8** Make monetary or other contributions to political parties on behalf of the company.

**4.4.9** Make recommendations to customers, even if requested by them, of suppliers, or of companies which may even be indirectly related to the Company's business.

**4.5 Money laundering and Countering the Financing of Terrorism**

EDP's work is guided by high ethical standards, business integrity and strict respect for and compliance with current legislation and regulations regarding the prevention of money laundering and the financing of terrorism. As such, EDP adopts all the necessary procedures to know the identity of the relevant counterparties of the businesses it intends to undertake and only finalises these businesses after ensuring the legal origin of the funds handled by the counterparty. EDP has a set of policies and procedures – namely contained in the Programme for the Prevention of Money Laundering and Countering the Financing of Terrorism – which encompass a set of measures aimed at responding to the legal duties and requirements associated with these matters, such as procedures for Due Diligence (DD) and Know Your Customer (KYC). Such policies and procedures establish concrete measures that must be adopted to comply with all the legal and regulatory obligations of EDP, taking into account the different characteristics of the different business areas and the potential risk of money laundering and financing of terrorism faced. In order to ensure the effective application of the procedures laid down in this area, a governance model was systematized along with the specification of different functions and responsibilities in fulfilling the legal duties to which EDP is bound. EDP employees ensure the strictest compliance with both the legislation applicable to the different activities and jurisdictions in which we operate, as well as internal procedures which have been specified concerning this matter, and undergo training to enable them to perform their essential functions in this area in the best way.

**(EXCERPT) - VIII**

**We must**

**4.5.1** Report all suspicious and/ or doubtful situations as soon as possible, through the channels internally provided for this and maintain strict confidentiality about them.

**4.5.2** Identify/get to know our counterparties, including their respective actual owners, before entering into any business or transaction, in order to ensure that we are working with legitimate counterparties and that their funds do not originate from criminal activities.

**4.5.3** Review the counterparty's identification elements at appropriate intervals and make sure that the funds involved continue to have a lawful origin.

**4.5.4** Only receive and make payments to and from entities previously subject to internal procedures of Due Diligence (DD) and Know Your Customer (KYC) and with which we have duly authorized contracts under the terms of the respective internal procedures.

**We must not**

**4.5.5** Initiate a business relationship or carry out any transaction if the counterparty is suspected of being involved in money laundering or terrorist financing practices.

**4.5.6** Accept cash payments. However, when there is no other possibility, we will always have to respect the legally authorized maximum amount and we should first seek the necessary internal authorizations to undertake this.

**4.5.7** Make payments without the respective clearances and without prior knowledge of the counterparty and associated transactions.

Executive Board of Directors  
September 2020  
3th edition



## EDP SUPPLIER CODE OF CONDUCT

1.

The EDP Supplier Code of Conduct applies to entities that supply or intend to supply goods and services to any of the EDP Group companies (hereafter “Supplier” or “Suppliers”), which is deemed to be the group of companies in a control or group relationship with EDP, regardless of whether their headquarters are in Portugal or another country.

2.

Approval and compliance with the Code of Conduct is a contractual obligation. It is a binding annex of the bidding documents for EDP Group procurement as well as in contracts for the supply of services or sale of goods, to be signed by the supplier and any EDP Group company. The contracts to be signed by the EDP Group and Suppliers shall envisage that in case of serious or systematic breach of this code, the EDP Group may terminate the contractual relationship.

3.

This Code of Conduct does not establish commitments contrary to existing law, regulations or current contractual provisions, nor does it add or derogate from new rights. Its provisions and standards are supplementary in nature.

4.

Suppliers should promote the adoption of sustainability policies in procurement and make the best efforts to ensure that levels of demand equivalent to those of this Code are also respected in their own supply chains.

Suppliers of the EDP Group agree to the following commitments, taking as reference the principle of highest demand:

### Compliance Commitments

**a)** Comply with national and international legislation in force that is applicable within the scope of the existing contractual relationship with the EDP Group, namely the laws, regulations, the operational, technical and sectoral rules and regulations, on matters such as: processing and protection of personal data, combating corruption, separation of activities in the sector, anti-trust, environment, health and safety, intellectual property rights, as well as the contractual arrangements established with the EDP Group companies.

**b)** Not to pursue, permit, consent to or collude with any activity, practice or conduct likely to constitute or appear to be an act of bribery and/or corruption, criminally punishable under applicable law. Also, to institute procedures and implement necessary and appropriate measures aimed at preventing their occurrence.

**c)** Respect internationally accepted corporate principles, values and best practices in matters concerning human rights, labor rights, workplace safety and health, prevention and combating corruption, and having measures in place to prohibit the practice of anti-trust acts or acts seeking to restrict competition in the market.

### Ethical commitments

**a)** Promote and respect the highest ethical, moral and human integrity standards, in particular the principles enshrined in the EDP Group Code of Ethics.

**b)** Respect the principles and commitments with customers and communities, whenever acting on behalf of the EDP Group, working in their facilities or using their information.

**c)** Inform, through the Ethics Ombudsman or other EDP Group Ethics channels, of the existence of potential conflicts of interests in relations with the EDP Group, whether of a business or personal nature.

**d)** Refrain from offering gifts, goods or free services, or coerce or restrict EDP Group employees in any way to influence their business dealings with the EDP Group.

**e)** Truthfully and accurately convey information concerning management practices.

### Environmental Commitments

- a) Comply with national legislation and international standards for environmental protection, and obtain the environmental certifications required for their business activities.
- b) Identify, monitor and mitigate the environmental risks and impacts of their activities, products, materials and means of transport, promoting continuous improvement and conserving the environment.
- c) Promote the continuous streamlining of the consumption of energy and natural resources and the reduction of emissions and waste generated by the business activity.
- d) Comply with the EDP Group's environmental requirements when acting on EDP Group premises or facilities or acting on behalf of the EDP Group.

### Labor commitments

- a) Respect freedom of association and the collective bargaining of their workers, establishing mechanisms of dialogue free from any reprisals or discrimination.
- b) Ensure and promote the respect for free labor, based on fair and transparent contracts for workers, refusing to use and be complicit with forced labor, unjustified restrictions on free movement, misappropriation of documents and remuneration and human trafficking.
- c) Respect diversity, promoting equality and non-discrimination based on race, age, gender and sexual or marital orientation, ethnic or national origin, name, disability, pregnancy, religion, politics, cultural or trade union orientation. Respecting also any other conditions that may be defined by contract or protected by applicable law.

- d) Ensure adequate remuneration to workers, in accordance with current legislation and collective

labor agreements, when applicable, which shall be paid on time, respecting the minimum wages established in each country, paying overtime and other compensation, social security contributions and taxes that are due.

- e) Ensure compliance with current labor legislation and collective labor agreements, when applicable, regarding the maximum normal and supplementary working hours, as well as the rest periods and rest days.
- f) Prevent any form of child labor, under national regulations and ILO 138 of the International Labor Organization.
- g) Establish disciplinary measures and procedures in accordance with the laws and international conventions, publicizing the standards and ensuring the hearing and defense by those accused of disciplinary breaches, and preventing in all cases any intimidation, verbal or physical abuse or aggression, or any other type of moral or physical harassment.

### Workplace Safety and Health Commitments

- a) Comply with national legislation and international standards in force on workplace safety and health, as well as the EDP Safety Policy and the specific certifications required, observing the precautionary principle in all activities, promoting responsibility and the awareness of everyone involved.
- b) Identify, monitor and record all risks associated with their activity and specific work tasks, establishing prevention, reduction and continuous improvement measures.

- c) Train the workers and equip them with the means and equipment for their personal protection, ensuring they have adequate working conditions.

- d) Define accident management and emergency preparation measures appropriate to the type of activity, location and circumstances.

- e) Comply with the EDP Group's Safety and Health requirements when acting on EDP Group premises or facilities or acting on behalf of the EDP Group.

### Community and Human Rights Commitments

- a) Promote the consultation, respect and protection of human rights, the dignity of people and privacy of each individual, of the communities on which the business activities impact in their area of influence.
- b) Ensure that all business activities are conducted without recourse to violence or abuse and reject and refuse any complicity with human rights violations.

### Management commitments

- a) Adopt management procedures that permit compliance with this Code to be monitored. There is an obligation to report any serious breaches to EDP and to provide evidence of compliance when requested by EDP.
- b) Ensure that all persons employed, regardless of the nature of the legal relationship, comply with the provisions of this Code of Conduct and are informed, qualified and competent to perform their duties in accordance with its terms.

Executive Board of Directors  
May 2017

# AGI ION

FROM TOMORROW TO BEYOND

Changing tomorrow now.

## 2.

# INTERNATIONAL DECLARATIONS AND FRAMEWORKS

## THE UNIVERSAL DECLARATION OF HUMAN RIGHTS

### UNITED NATIONS DECLARATION OF HUMAN RIGHTS GENERAL ASSEMBLY ON 10 DECEMBER 1948 - I

#### Article 1

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

#### Article 2

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

#### Article 3

Everyone has the right to life, liberty and security of person.

#### Article 4

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

#### Article 5

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

#### Article 6

Everyone has the right to recognition everywhere as a person before the law.

#### Article 7

All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

#### Article 8

Everyone has the right to an effective remedy by the competent national tribunals for acts violating the fundamental rights granted him by the constitution or by law.

#### Article 9

No one shall be subjected to arbitrary arrest, detention or exile.

#### Article 10

Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal, in the determination of his rights and obligations and of any criminal charge against him.

#### Article 11

1. Everyone charged with a penal offence has the right to be presumed innocent until proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defense.

2. No one shall be held guilty of any penal offence on account of any act or omission which did not constitute a penal offence, under national or international law, at the time when it was committed. Nor shall a heavier penalty be imposed than the one that was applicable at the time the penal offence was committed.

#### Article 12

No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honor and reputation. Everyone has the right to the protection of the law against such interference or attacks.

#### Article 13

1. Everyone has the right to freedom of movement and residence within the borders of each state.

2. Everyone has the right to leave any country, including his own, and to return to his country.

#### Article 14

1. Everyone has the right to seek and to enjoy in other countries asylum from persecution.

2. This right may not be invoked in the case of prosecutions genuinely arising from non-political crimes or from acts contrary to the purposes and principles of the United Nations.

## **UNITED NATIONS DECLARATION OF HUMAN RIGHTS GENERAL ASSEMBLY ON 10 DECEMBER 1948 - II**

### **Article 15**

1. Everyone has the right to a nationality.
2. No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality.

### **Article 16**

1. Men and women of full age, without any limitation due to race, nationality or religion, have the right to marry and to found a family. They are entitled to equal rights as to marriage, during marriage and at its dissolution.
2. Marriage shall be entered into only with the free and full consent of the intending spouses.
3. The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.

### **Article 17**

1. Everyone has the right to own property alone as well as in association with others.
2. No one shall be arbitrarily deprived of his property.

### **Article 18**

Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or

belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

### **Article 19**

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

### **Article 20**

1. Everyone has the right to freedom of peaceful assembly and association.
2. No one may be compelled to belong to an association.

### **Article 21**

1. Everyone has the right to take part in the government of his country, directly or through freely chosen representatives.
2. Everyone has the right of equal access to public service in his country.
3. The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.

### **Article 22**

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort

and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

### **Article 23**

1. Everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment.
2. Everyone, without any discrimination, has the right to equal pay for equal work.
3. Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
4. Everyone has the right to form and to join trade unions for the protection of his interests.

### **Article 24**

Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

### **Article 25**

1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

## **UNITED NATIONS DECLARATION OF HUMAN RIGHTS GENERAL ASSEMBLY ON 10 DECEMBER 1948 - III**

2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

### **Article 25**

1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

### **Article 26**

1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote

understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.

3. Parents have a prior right to choose the kind of education that shall be given to their children.

### **Article 27**

1. Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.

2. Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.

### **Article 28**

Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized.

### **Article 29**

1. Everyone has duties to the community in which alone the free and full development of his personality is possible.

2. In the exercise of his rights and freedoms, everyone shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society.

3. These rights and freedoms may in no case be exercised contrary to the purposes and principles of the United Nations.

### **Article 30**

Nothing in this Declaration may be interpreted as implying for any State, group or person any right to engage in any activity or to perform any act aimed at the destruction of any of the rights and freedoms set forth herein.

## ILO DECLARATION ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK 1998

### THE INTERNATIONAL LABOUR CONFERENCE - (EXCERPT)

#### 1. Recalls:

- a) That in freely joining the ILO, all Members have endorsed the principles and rights set out in its Constitution and in the Declaration of Philadelphia, and have undertaken to work towards attaining the overall objectives of the Organization to the best of their resources and fully in line with their specific circumstances;
- b) That these principles and rights have been expressed and developed in the form of specific rights and obligations in Conventions recognized as fundamental both inside and outside the Organization.

**2. Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:**

- a) Freedom of association and the effective recognition of the right to collective bargaining;

- b) The elimination of all forms of forced or compulsory labor;
- c) The effective abolition of child labor; and
- d) The elimination of discrimination in respect of employment and occupation.

#### Fundamental Conventions

The ILO Governing Body has identified eight “fundamental” Conventions, covering subjects that are considered to be fundamental principles and rights at work: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation. These principles are also covered by the ILO Declaration on Fundamental Principles and Rights at Work (1998).

## 8 FUNDAMENTAL CONVENTIONS

1. Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
2. Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
3. Forced Labor Convention, 1930 (No. 29)  
(and its 2014 Protocol )
4. Abolition of Forced Labor Convention, 1957 (No. 105)
5. Minimum Age Convention, 1973 (No. 138)
6. Worst Forms of Child Labor Convention, 1999 (No. 182)
7. Equal Remuneration Convention, 1951 (No. 100)
8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

# UN GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

## THE RUGGIE FRAMEWORK - I

### The Corporate Responsibility to Respect Human Rights

#### A - FOUNDATIONAL PRINCIPLES

11. Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

12. The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work.

13. The responsibility to respect human rights requires that business enterprises:

- |   |  |
|---|--|
| <p>a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;</p> | <p>b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.</p> |
|---|--|

14. The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise’s adverse human rights impacts.

15. In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

- |   |   |   |
|---|---|---|
| <p>a) A policy commitment to meet their responsibility to respect human rights;</p> | <p>b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;</p> | <p>c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.</p> |
|---|---|---|

**THE RUGGIE FRAMEWORK - II**

<b>B - OPERATIONAL PRINCIPLES</b>				
<b>POLICY COMMITMENT</b>				
16. As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that:				
a) Is approved at the most senior level of the business enterprise;	b) Is informed by relevant internal and/or external expertise;	c) Stipulates the enterprise's human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services;	d) Is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties;	e) Is reflected in operational policies and procedures necessary to embed it throughout the business enterprise.
<b>HUMAN RIGHTS DUE DILIGENCE</b>				
17. In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. Human rights due diligence:				
a) Should cover adverse human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships;	b) Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations;	c) Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve.		
18. In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should:				
a) Draw on internal and/or independent external human rights expertise;		b) Involve meaningful consultation with potentially affected groups and other relevant stakeholders, as appropriate to the size of the business enterprise and the nature and context of the operation.		

## THE RUGGIE FRAMEWORK - III

B - OPERATIONAL PRINCIPLES			
<b>POLICY COMMITMENT</b>			
19. In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action.			
a) Effective integration requires that:		b) Appropriate action will vary according to:	
i) Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise;	ii) Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts.	i) Whether the business enterprise causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship;	ii) The extent of its leverage in addressing the adverse impact.
20. In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should:			
a) Be based on appropriate qualitative and quantitative indicators;		b) Draw on feedback from both internal and external sources, including affected stakeholders.	
21. In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them. In all instances, communications should:			
a) Be of a form and frequency that reflect an enterprise's human rights impacts and that are accessible to its intended audiences;	b) Provide information that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved;	c) In turn not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality.	
<b>REMEDIATION</b>			
22. Where business enterprises identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes.			
<b>ISSUES OF CONTEXT</b>			
23. In all contexts, business enterprises should:			
(a) Comply with all applicable laws and respect internationally recognized human rights, wherever they operate;	b) Seek ways to honour the principles of internationally recognized human rights when faced with conflicting requirements;	c) Treat the risk of causing or contributing to gross human rights abuses as a legal compliance issue wherever they operate.	
24. Where it is necessary to prioritize actions to address actual and potential adverse human rights impacts, business enterprises should first seek to prevent and mitigate those that are most severe or where delayed response would make them irremediable.			

## OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

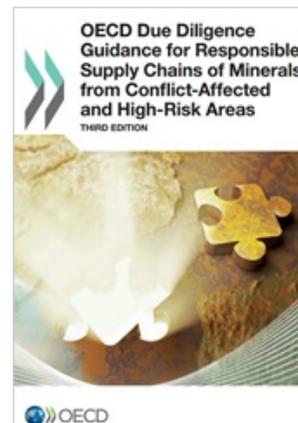
### Guidelines

The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.

### Due Diligence

The OECD Due Diligence Guidance for Responsible Business Conduct provides practical support to enterprises on the implementation of the OECD Guidelines for Multinational Enterprises by providing plain language explanations of its due diligence recommendations and associated provisions. Implementing these recommendations can help enterprises avoid and address adverse impacts related to workers, human rights, the environment, bribery, consumers and corporate governance that may be associated with their operations, supply chains and other business relationships. The Guidance includes additional explanations, tips and illustrative examples of due diligence.

This Guidance also seeks to promote a common understanding among governments and stakeholders on due diligence for responsible business conduct. The UN Guiding Principles on Business and Human Rights as well as the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy also contain due diligence recommendations, and this Guidance can help enterprises implement them.



**The Guidance was adopted on 31 May 2018 during the annual OECD Ministerial Meeting at Council level.**

## OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

### (EXCERPT) - I

#### IV. Human Rights

States have the duty to protect human rights. Enterprises should, within the framework of internationally recognized human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:

1. Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.
2. Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.
3. Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts.
4. Have a policy commitment to respect human rights.
5. Carry out human rights due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.
6. Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

#### V. Employment and Industrial Relations

Enterprises should, within the framework of applicable law, regulations and prevailing labor relations and employment practices and applicable international labor standards:

- I. a) Respect the right of workers employed by the multinational enterprise to establish or join trade unions and representative organizations of their own choosing.
  - b) Respect the right of workers employed by the multinational enterprise to have trade unions and representative organizations of their own choosing recognized for the purpose of collective bargaining, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on terms and conditions of employment.
  - c) Contribute to the effective abolition of child labor, and take immediate and effective measures to secure the prohibition and elimination of the worst forms of child labor as a matter of urgency.
  - d) Contribute to the elimination of all forms of forced or compulsory labor and take adequate steps to ensure that forced or compulsory labor does not exist in their operations.
  - e) Be guided throughout their operations by the principle of equality of opportunity and treatment in employment and not discriminate against their workers with respect to employment or occupation on such grounds as race, color, sex, religion, political opinion, national extraction or social origin, or other status, unless selectivity concerning worker characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.
2. a) Provide such facilities to workers' representatives as may be necessary to assist in the development of effective collective agreements.
  - b) Provide information to workers' representatives which is needed for meaningful negotiations on conditions of employment.
  - c) Provide information to workers and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole.
  3. Promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern.
  4. a) Observe standards of employment and industrial relations not less favorable than those observed by comparable employers in the host country.
  - b) When multinational enterprises operate in developing countries, where comparable employers may not exist, provide the best possible wages, benefits and conditions of work, within the framework of government policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy the basic needs of the workers and their families.
  - c) Take adequate steps to ensure occupational health and safety in their operations.
  5. In their operations, to the greatest extent practicable, employ local workers and provide training with a view to improving skill levels, in co-operation with worker

**(EXCERPT) - II**

representatives and, where appropriate, relevant governmental authorities.

6. In considering changes in their operations which would have major employment effects, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representatives of the workers in their employment and their organizations, and, where appropriate, to the relevant governmental authorities, and co-operate with the worker representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects. In light of the specific circumstances of each case, it would be appropriate if management were able to give such notice prior to the final decision being taken. Other means may also be employed to provide meaningful co-operation to mitigate the effects of such decisions.
7. In the context of bona fide negotiations with workers' representatives on conditions of employment, or while workers are exercising a right to organize, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer workers from the enterprises' component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organize.
8. Enable authorized representatives of the workers in their employment to negotiate on collective bargaining or labor-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorized to take decisions on these matters.

# SOURCES

## Available reports on

### EDP's website covering

### Human and Labor Rights topics

This Human and Labor Rights Report  
 Ethics Report  
 Stakeholders Report  
 Health and Safety Report  
 EDP Group Sustainability Report  
 EDP Spain Report  
 EDP Renewables Report  
 EDP Brazil Report



<https://www.edp.com/en/sustainability/transparency-and-reporting#reports>

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