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ETHICS OMBUDSPERSON
REPORT
2019

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ENERGY. ENERGIA. ENERGÍA.

We are energy. An energy that is international and speaks many languages.

We are a force driven by innovation toward a greener, more electric, and more sustainable future.

It's no longer a secret that we think of the wind, water, and sun as our greatest allies in our search for ever cleaner energy that reaches everyone in a fairer and more inclusive way.

We set out our ambitious goals, always with a commitment to create a network of energy, talent, technology, with more global and efficient solutions.

Decarbonize, digitalize, and decentralize are the action verbs on this path to change.

We are spearheading the energy transition and assuming the responsibility to challenge the world to join us.

Energy begins with us. And the future is today.



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01

REGARDING A FULL YEAR... IN A MUCH MORE WORRYING FUTURE!

"What motivates everything we do is a powerful desire for fulfilment (...)"

in: "Inspiring Leaders – Words of circumstance", Raul Diniz, Ethics Chair AESE/EDP, 2014

2019, the beginning of a new mandate for the Ethics Office, was a year in full! In the beginning, there was apprehension facing such great responsibility and enterprise; then, the diagnostic work, the proposals, the decisive support of top management, the organization as a whole, significant partners, and many, many achievements.

Ethics is undoubtedly, nowadays, the "space" in which an organization's identity is affirmed. EDP is an excellent example of this due to everything it has carried out in this area and which makes it a strong company capable of facing the greatest of challenges. And also for what it is always willing to embrace, namely that of a bold work programme that further elevates its commitment to business ethics, as happened in 2019; or the organization's response to a global crisis such as the one we are facing which shakes the long-established economic and social order and which demands all of our reserves of vulnerability and resilience.

But here we are, standing firm, and with infinite hope within a perspective of "re"-building a more humane society which is, moreover, the ultimate goal of companies.

The year was thus very intense with a certain level of concern about what was established in previous years. The results achieved under the approved Ethics Programme would not have been possible without the decisive contribution of everybody at EDP and some key partners.

So please allow me to express a notice of thanks for this period

- to the Corporate Governance and Sustainability Committee of the General and Supervisory Board, for the confidence and encouragement with which it has always welcomed the Ethics Ombudsperson's proposals;
- to the EDP Executive Board of Directors, for the support it has provided from the first moment to the challenge of applying a more disruptive consideration of the responsibilities of the Ombudsperson and of the respective Office, and for its tolerance concerning the bolder initiatives which have in the meantime been presented;

- to all my colleagues, from the Corporate Centre to the business units in Portugal and the other geographical areas, for the precious help they contributed in building this path that I started at the beginning of the year;
- to my team at the Office of the Ethics Ombudsperson, small but “powerful” in knowledge and determination, who stood by me in this huge undertaking;
- to EDP’s historical partners with regard to Ethics – the Catholic University’s Porto Business School and the AESE Business School – and also to the new partners, who have enriched us with more and more knowledge, which made it possible to achieve some of the major goals for the year;
- and finally – “last but not least” – to all those who addressed me, employees, customers and other stakeholders, presenting their concerns or even complaints, because through all of these, without exception, they allowed me to become more aware of my responsibilities and everything we can do each day to make our ethical culture stronger!

Thank you all so much, the results of the past year are yours!

02

ETHICS PROGRAMME “RAISING THE ETHICAL BUILDING”

2.1 EDP ETHICS – A NEW CYCLE, THE SAME CONVICTION

"Ethics (...) always favours the ability that each one of us may have to put ourselves in the place of the other, to supplant our self-centered view and to think humanely in an impartial manner (...)"

In “Ética - Dos Fundamentos às Práticas”, coordinated by M^o Céu Patrão Neves, Edições 70, 2016

In terms of Ethics, EDP continued on a path of more than a decade in the construction of structural elements that gave rise to what we now call the “ethical building”: the Code of Ethics; the Ethics Committee; the creation of the figure of the Ethics Ombudsperson; internal instruments for measuring ethical performance; promoting external reviews on the solidity of the “building”; and also thousands of hours of training in ethics for employees and partners, among other actions.

This building thus fits an ethical culture that EDP is proud to encourage and which has allowed it to be recognized as one of the “most ethical companies in the world” (Ethisphere) and a company in which Ethics really counts in the continuation of its management (Dow Jones, FTSE Russell ESG Ratings, Euronext VIGEO, Ethibel Sustainability Indices and Sustainalytics ESG).

Based on such a robust starting point, and to design the 2019-2021 EDP Ethics Programme, it was decided that this new cycle will start with a situation diagnosis which would enable the identification of opportunities for improvement which would contribute to updating and taking the structural system in the Company regarding this matter one step further.

To this end, the Ethics Committee and two dozen EDP Group managers were heard. Moreover, this internal view was added to by benchmarking work on the state of business ethics in dozens of national and international companies, which was carried out with the support of a long-time partner in this matter, the Catholic University Porto Business School.

The conclusions of these tasks resulted in some key ideas that served as the basis for the design of the Ethics Programme and which we would highlight the following needs to be undertaken:

- improve the perception of ethical risk across the organization, as well as the impact of bad practices on EDP's reputation;
- continue to promote a culture of openness and transparency which encourages us to face problems realistically to better solve them;
- to create a model of ongoing training that places Ethics at the “top of mind” in all employees;
- reinforce communication, awareness and knowledge sharing, as a way to extend the practice of an ethical culture;
- intensify work on business ethics with the other geographical areas in which EDP operates, as well as business areas and corporate areas, which helps to put into practice a comprehensive ethics concept which involves everyone.

2.2 THE AMBITION OF “MANAGING” ETHICS

“The philosophy of managing Ethics is to apply the belief that Ethics can indeed be managed in an organisation. (...)”

Taken from: “Ethics Risk Handbook”, The Ethics Institute, 2016

Thus, the three-year **Ethics Programme “Raising the Ethical Building ”** was drawn up, precisely illustrating the idea of the “raising of the ethical construction” that currently exists, and based on the conviction that Ethics can be managed and that such an approach enables us to obtain increased results in terms of reinforcing the ethical culture of any organization.

The main objective of this Programme is precisely that of increasing and consolidating the ethical culture in the Group, through new and modern mechanisms which, in addition to contributing to strengthening the formal perspective of Ethics in the Company, support a simple but in-depth experience, for all interested parties, of the ethical principles and commitments that EDP proposes it complies with.

The Programme is based on two pillars: the pillar of strengthening the “infrastructure system” of Ethics and the pillar of what we have called “Ethics of substance”.

In the first pillar mentioned, the reinforcement of the structural parts of the “building” is envisaged, in which a review and update of reference documents is recommended, in particular, in the case of the Code of Ethics and its Regulation; the training modelling in Ethics in the Group, based on a set of guiding principles which make it a determining factor in the development of ethical behaviour; the inclusion of systematic analysis of ethical risk in the business risk assessment methodology that the Group already carries out; the intensification of reporting mechanisms for more and better communication with all stakeholders; and, the optimization of the contact management process, among other initiatives.

Through the actions to be developed in the second pillar mentioned, it is intended to bring Ethics to the practice of business and activities in general, leading to the permanent and balanced use of ethical reasoning in everything we do at the Company. The analysis of specific ethical risks, as well as their mitigation, in areas such as the intensive use of technologies such as Artificial Intelligence and how transformations in the world of work will impact social equilibrium in the near future, will be the target of work to be developed as a far goal of the Programme, involving companies and corporate areas from all the geographical areas in which EDP operates.

This Programme was approved by the Ethics Committee and the Corporate Governance and Sustainability Committee of EDP's General Supervisory Board , and the second half of 2019 was dedicated to the development of two of the main initiatives planned: the training modelling in Ethics in the Group and the revision and updating of the Code of Ethics. Both initiatives counted on the involvement of vast segments of employees from all EDP's geographical areas, in addition to support from a specialized consultancy that mainly provided us with the best international practices in these two aspects.

2.3 CROSS TRAINING MODEL IN ETHICS

“A strong training programme in Ethics & Compliance is the basis of an open, ethical and productive culture (...)”

Taken from: “Definitive Guide to E&C Training: How to get measurable value through your ethics and compliance training program”, Navex Global | The Ethics and Compliance Experts, 2017

Training in Ethics is recognized as one of the main instruments available for promoting ethical behaviour, naturally coupled with other indispensable conditions, such as, in particular, that there is a real commitment by leaders to Ethics, a fair treatment of all stakeholders and faithful consistency between policies and practices.

In order to achieve comprehensive ethical learning, so that Ethics becomes something that is always present in our behaviour, it is necessary that the training is conceived as a whole, and then planned properly. It is therefore essential to define, from the outset and in an integrated manner, who the training is for, what content it should have, when and at what time it should be carried out, and which methods to use when carrying it out.

The purpose of **the EDP Group’s Ethical Cross-Training Model** built in 2019 is precisely to ensure this integrated approach, creating conditions for proper planning. In its design, the following “Guiding Principles” were established:

- **“Personalized”**: the training must be designed taking into account the specific context - functions and specific areas - of the target employees.
- **“Real-life driven”**: the training must bear in mind the real situations that employees experience in their professional environment.
- **“Top of Mind”**: training must lead to an ethical awareness that must always be present in everyone’s work.
- **“Interactive”**: training should allow employees to have interactive and positive experiences.
- **“Digital”**: training must be supported with user-friendly solutions, obtainable on all equipment (PCs, mobile phones, etc.) and allowing for the choice of everyone.

Based on this Model, the Ethics Training Plan for 2020 has already been prepared, which we anticipate will be able to effectively address the established guidelines.

However, and also within the framework of the aforementioned Principles, training in transversal online ethics was rebuilt – aimed at all the Group’s employees – in a new initiative which was called “Ethics is Value”, and which, in the 1st session, launched in Portugal in November 2019, addresses the issue of Ethics from an individual perspective, in society and at EDP.

In 2019, in addition to this training session, certain others also took place – training in ethics for service providers, still in the previous format, training in the Code of Conduct for Senior Management and Senior Financial Officers for the entire macrostructure and Induction training for new employees.

It is also worth mentioning the holding of four Ethics Talks in which specific topics of Ethics and their risks and challenges were addressed and which involved the collaboration of renowned speakers and a group of employees who joined them.

Altogether, around 3,600 hours of direct training in Ethics were carried out in 2019 – training promoted by the Office of the Ethics Ombudsperson – in the various initiatives mentioned, with some increase in the respective achievement rates, which however still have room for growth.

2.4 REVISION AND UPDATING OF THE CODE OF ETHICS

“The Code (of Ethics) should be the first resource that employees turn to when they have questions about Ethics and Compliance. (...)”

Translated from: “The next generation of your Code of Conduct: a revision process”, Joan E. Dubinsky, International Monetary Fund, 2008

The first EDP Code of Ethics dates from 2005, and in 2013 a reasonably large update was carried out. The Code establishes the principles and commitments that the EDP Group has embraced throughout its history and constitutes a conceptual reference for appropriate behaviour in the context of the Company. However, and without prejudice to the central importance of this document in EDP’s culture, the importance of a deeper revision and updating of the document in several aspects was recognized. Hence, this initiative formed a major focus of the Ethics Programme in 2019.

Once again, internal perceptions and comparative analyses of best international practices were gathered in the search for inspiration for the construction of a Code of Ethics that is even more in line with the responsibilities that we believe this document should have: that of becoming a fundamental guide to the way in which everyone working in the Group must carry out their activities so that EDP is a transparent, reliable, prosperous and supportive company.

The questionnaire put to the members of the Ethics Committee – “What Code of Ethics do we want?” – was decisive for the drawing up of the “Guidelines for the Revision of the Code of Ethics”, a document that the Executive Board of Directors approved and which was used as a basis for all the work that would follow.

Also very important was the questionnaire answered by employees through local intranets, the sample of replies of which was interesting, and which allowed us to form a conclusion concerning the significant value that this document has for most people who consult it and which topics they are most interested in and how they would like to see it communicated.

For several months, work was carried out on the design of the new Code, bringing together several revision angles, ranging from its philosophy of proximity to the reality of employees, to the form of “delivery”, which is intended to be mainly digital.

The new Code will therefore start from the main identity traits of EDP which were identified as being: the centrality of people in the Company; relations of trust with all stakeholders; being a main player in a changing sector; always behaving with integrity. And, in each of these traits, “Ethics topics” were worked on, covering 22 themes that were considered particularly important in the definition of behaviour guidelines and in their practical exemplification.

To this denser text, which was illustrated in a close relationship with the reality of the life of the Company, we added a solution for digitally using the new Code of Ethics that will be available to all the Group’s employees in their respective internal networks. This format, also supported by a new image, provides more interactive contact for employees which is extremely easy and accessible .

The final wording of the new Code was only completed in the first months of 2020, which is why the respective approvals and disclosure should only occur in the 2nd half of the year.

The new version of the Code of Ethics will honour its precursor, which is still in force and which first saw the light of day more than a decade ago, because it will add a clearer connection to reality, therefore allowing a possibly simpler reading of what Ethics is, after all and, above all, our action at any moment.

2.5 ETHICAL PERFORMANCE: EXTERNAL PERSPECTIVE

“Each year, through our World’s Most Ethical Companies process, Ethisphere recognizes a select group of companies with exceptional programs and practices.(...)”

Translated from: “2020 WMEC: Leading Practices and Trends”, Vol. I, Erica Byrne and Douglas Allen, Ethisphere, 2020

Since 2012, EDP has sought to have its “ethical building” assessed externally. Thus, the assessment carried out by the Ethisphere Institute has allowed the Company, for 9 years now, to have a qualified and impartial opinion on its work in matters of Ethics and others on its “boundaries”, in comparison with large international companies. And in these years, this has also brought it the recognition of being “one of the most ethical companies in the world”. The Ethisphere Institute's methodology assesses companies' “ethical leadership” from four points of view - “Good”/ “Intelligent” / “Results” / “Business” - which, in an integrated way, lead to healthy and prosperous companies contributing towards a better world.

This recognition is extremely important for EDP because it strengthens the image of the Company from the point of view of its integrity of operation in terms of all stakeholders, ensuring the confidence essential for the development it aspires to.

EDP therefore appeared in 2019 in a list of 132 companies recognized as having the best global practices in terms of Ethics and Compliance, representing 21 countries and 51 industries. EDP has been the only Portuguese company on this classified list for many years and one of the nine companies recognized worldwide in the “Energy & Utilities” sector.

Ethisphere's assessment covers a set of 5 areas of analysis: the Ethics & Compliance Programme; Corporate Governance; Ethical Culture; Social Responsibility and Sustainability; and Leadership and Reputation. The analyses carried out on the performance of EDP in these categories provide valuable knowledge capital on opportunities for improvement that the Company each year seeks to enhance upon.

03

MANAGEMENT OF CONTACTS SENT TO THE ETHICS CHANNELS

"The freedom to raise concerns is an essential element of an ethical culture (...)".

Translated from: "Encouraging a Speak Up Culture", Institute of Business Ethics, 2017

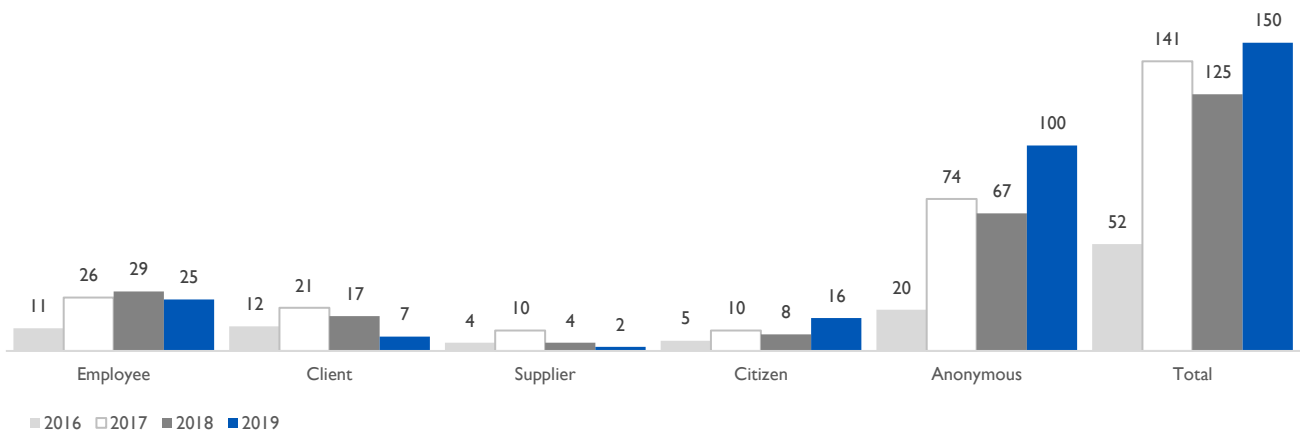
The process of managing contacts sent to the Ethics channels continued in 2019 in accordance with the usual steps provided for in the Code of Ethics Regulation. During the year, EDP, SA, held 4 meetings of the Ethics Committee, and there were also 4 meetings of the Corporate Governance and Sustainability Committee (CGSC) of the General and Supervisory Board. At these meetings, preliminary reports on complaints originating in Portugal and Spain were analysed, which the Ethics Ombudsperson considered appropriate to present to the Ethics Committee, taking into account their nature, and the appropriate decisions were taken by those bodies. The respective claimants were then informed. There were no complaints of this nature related to EDP *Renováveis* this year. As for EDP *Brasil*, the Ethics Committee and the CGSC assessed the formal opinions presented by the company and validated them.

At EDP, SA, and as planned, the new "Ethics Channel" came into operation in January 2019, which provides highly effective contact management and ensures easier follow up of the various stages of the process by the claimants. It is a channel fully compatible with protecting the personal data of claimants.

Analysis of the evolution of the management activity of this type of contacts in 2019 can be described as follows:

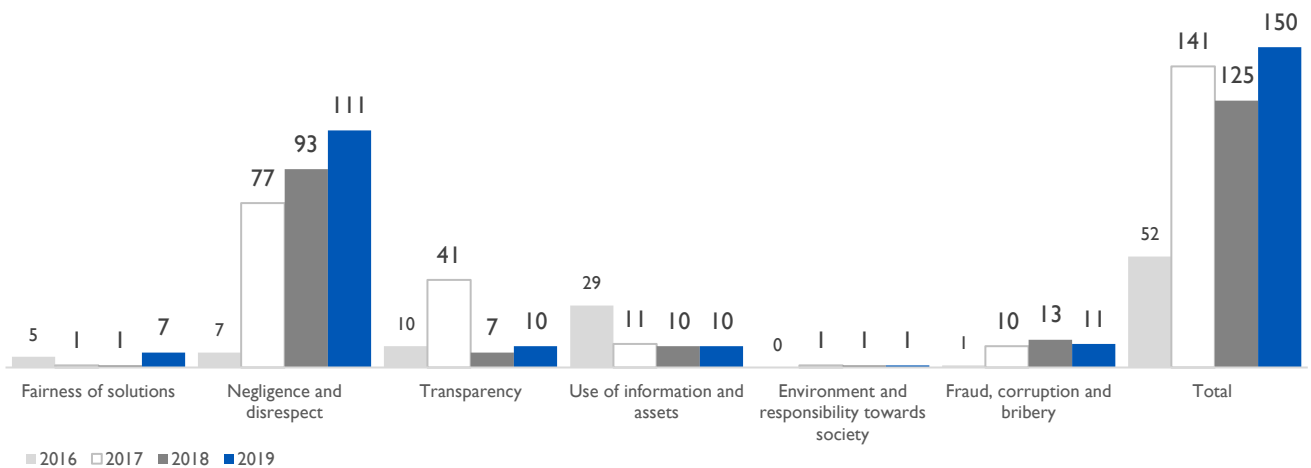
- i. During the year in question, there were a total of 589 contacts through the various channels available for this purpose at EDP, that is, 124 more than in the previous year (+26.7%).
- ii. Of the total contacts received, 151 were referred to the Ethics Committee, that is, 25.6% of the total, which means a slight reduction in this percentage compared to the previous year (26.6% in 2018). The remaining contacts were forwarded and dealt with in the different business units, since ethical reasons were not considered to be at the core of these matters.
- iii. Anonymous complaints, which are registered mainly at EDP *Brasil*, showed significant growth in 2019 (+49.2%). If we exclude this origin, most of the contacts come from employees, customers and citizens.

Complaints made to the Ethics Committee by origin - 4 years (#)



- iv. As for the subjects which lead claimants to go to these specific channels for this purpose, the main one and in accordance with the envisaged typologies – remains “Negligence and Disrespect” which in 2019 represented 74% of the total contacts analysed in the Ethics Committee.

Complaints made to the Ethics Committee by subject - 4 years (#)

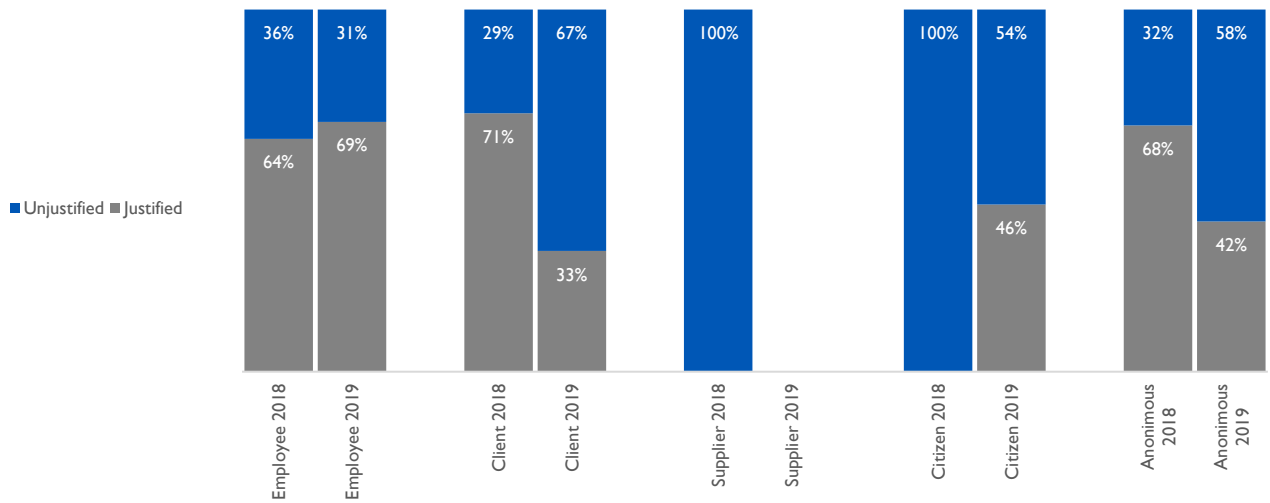


- v. The volume of complaints carried forward and opened in 2019, as well as the cases closed in the year, shows an identical volume of work in the two years in comparison.

COMPLAINTS ASSESSED BY THE ETHICS COMMITTEE				
YEAR	CARRIED OVER FROM THE PREVIOUS YEAR	OPEN DURING THE YEAR	CLOSED DURING THE YEAR	CARRIED OVER TO THE FOLLOWING YEAR
2018	34	125	65	60
2019	60	151	94	58

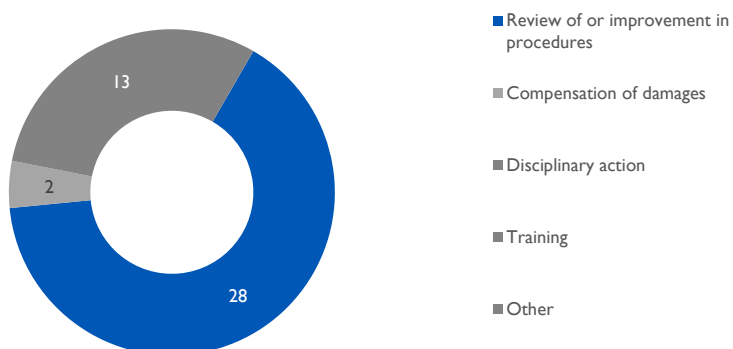
- vi. In 2019 Complaints originating from "Anonymous" were more relevant. On the contrary, for those originating from "Customers" and "Citizens", the number of unsubstantiated complaints increased significantly.

Complaints closed by decision of the Ethics Committee in 2018 and 2019

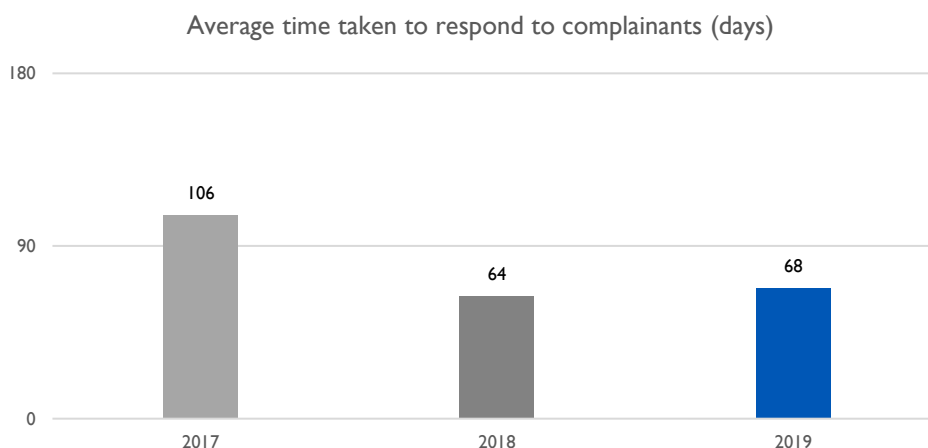


- vii. The actions determined by the Ethics Committee, and in line with previous years, were mainly related to the review or improvement of procedures, compensation for damages, disciplinary action and training.

Actions determined by the Ethics Committee, in 2019 (#)



- viii. The regulatory deadline for responding to complainants (up to 90 days) was fully met in 2019, with a slight increase in the average response time for complainants in 2019.



As conclusion on this activity, it can be said, in summary, that:

- the management process of contacts sent through the Ethics channels available at EDP followed the path provided for in the respective procedures, with the full functioning of the bodies established for this purpose;
- the volume of contacts classified as ethical in nature, although having increased in 2019, is relatively small in view of the size of EDP;
- the experience of analysing these contacts in general, and the dynamics of the Ethics Committee meetings in particular, has meant that important lessons have been learned to improve procedures or to reinforce training actions, which is, moreover, one of the important consequences intended to be drawn from this process.

04

ETHICS IN THE “NEXT NORMAL”

“Optimism and courage: these qualities are more necessary than ever, as leaders make the decisions that will shape the next normal (...).”

Translated from: “The future is not what it used to be: Thoughts on the shape of the next normal”, Kevin Sneader e Shubham Singhal, Mckinsey, 2020

The prospects for the coming times have, of course, been exclusively dominated by the coronavirus crisis that hit the world in early 2020. An unprecedented crisis, based on a health crisis of immense proportions, it is also an imminent revolution in the economic and social order, which will drastically alter the way people, companies and society have traditionally functioned.

The experience of the first months of 2020 has already brought us an avalanche of transformations – driven by the dramatic effects on the health of millions of people and, shortly thereafter, by the impacts on the economic and social structures resulting from the way in which it was necessary to face such a pandemic – which necessarily caused profound ethical reflections in us all as well. After all, it is all our life, as conceived over the centuries, which is at stake!

The world's first reaction to the pandemic was to save human lives. For this reason, even if not always with the same intensity and at the same time, international institutions, countries, companies and individuals sought to reduce human suffering and prevent deaths, which have reached unimaginable numbers. Furthermore, resources were targeted towards caring for the sick, solidarity with the most fragile victims of this new context, adapting solutions for essential services, and to technological research in the fight against the virus, among other priorities.

As the pandemic began to show its true dimension, the unprecedented economic crisis that followed it also became, of course, a major cause for concern on a global scale. The months-long “lockdown” that the pandemic imposed as a way to stop the devastating effects on the health of millions of people, had a devastating effect on companies, businesses and the social balance with which we have become used to. Moreover, within this perspective, that of the economic effects of the pandemic and how to react to them, ethical reflection took precedence.

In these times – difficult to characterize, due to their dramatic abnormality and seriousness – it is essential to keep in mind the ethical principles and commitments of our Company. It is essential to continue to ensure: the centrality of employees within the Company's policies, which ensure their well-being; the necessary respect for everyone from any topic; the development of people through greater

knowledge and their mandatory adaptation to new skills. It is essential to maintain trusting relationships with shareholders, customers, partners, communities and stakeholders in general, seeking to find along with them all the new paths that will allow us to continue to be a solid company which is capable of sharing value. And, as always, it is imperative to maintain the integrity that has always distinguished us on all fronts, through transparent behaviour and full responsibility.

EDP has shown, as is its wont, that it is up to the difficulties of a crisis of this dimension: with its “EDP Group Contingency Plan for COVID-19” established at the beginning of the pandemic, it placed the health and safety of its employees as its top priority, taking numerous measures to safeguard the well-being of everyone, whether in the most acute phase of “lockdown”, or now in the preparation phase for reducing lockdown and returning to the facilities.

With the level of information available to us at the time of writing, there is still enormous uncertainty as to the evolution of the pandemic and its eradication. At the same time, economic and financial prospects, both at national and global levels, point to long, uncertain recovery times, the configuration of which is still almost completely unknown.

We know little... but we already know some trends: we know that citizens’ priorities will be different in the “next normal”, with health taking a prominent role; we know that consumer preferences will change in several areas; we know that businesses where human contact will be minimal will dominate (digital commerce, telemedicine, more automation in production and services); we know that employment will shift between sectors, requiring new skills. Companies and people will have to adapt to all these, and other, major paradigm shifts!

What we already know contains risks, but it can also be a source of opportunities. The key word for companies in this “next normal” post-pandemic is “resilience” and this is built from the strength of everyone’s ethical performance and with the optimism and courage of those who control their destinies. The space for us to continue working on Ethics at EDP is, therefore, immense!

Lisbon, 29 June 2019

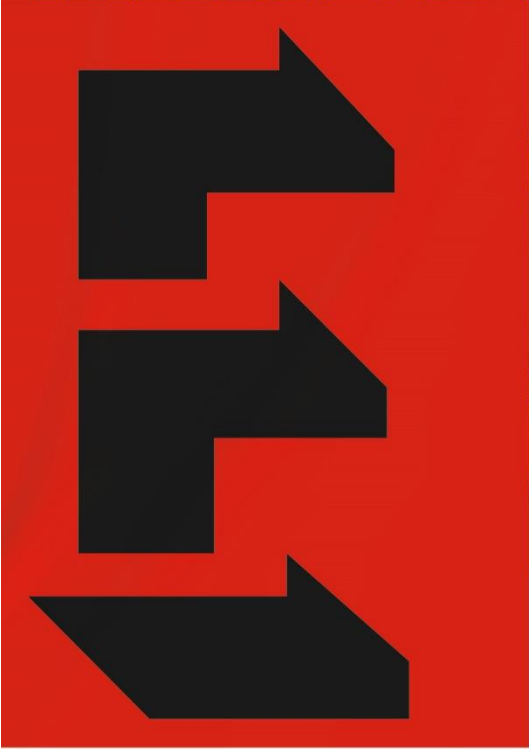
Manuela Silva

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