



Respecting and Promoting

# Human and Labor Rights

2019 Report

edp





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# 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.

## PROMOTE RESPECT

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.

Although this document is especially intended to communicate EDP's respect for Human and Labor Rights, within the Ruggie framework, it is not limited by this. 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 Ruggie framework. A couple of topics are thus oriented to provide an overview of the strategy pursued by the Company, not in reaction to negative impacts of the business, but as a free will action based on societal aspirations.



# 2019 in a nutshell





# Human and Labor Rights Policy criticism

**The questionnaires of several independent entities regarding the scrutiny of human rights policies were reviewed and compared with the current EDP policies.**

**The human rights policies adopted by companies in the electricity sector were also scrutinized.**

**The most relevant issues were selected and summarized in the following paragraphs for the internal debate.**

## 2019 Criticism Findings

### **Environment as a human right**

The human right to a healthy and biodiverse environment is not recognized in the Universal Declaration of Human Rights. However, the prevailing social opinion recognizes this right. Should EDP include this commitment directly in its human and labor rights policy? This is a trend in international forums.

### **EBD have responsibility for human rights policy?**

The fact that all policies are approved by EBD does not seem to be sufficient to establish accountability. In the legislative tradition of EDP, second-level responsibility is defined by procedures and regulations that are not, as a rule, publicly disclosed. This matter deserves an appreciation since it is a frequent issue.

### **Commitment to Remedy affected parties**

By adopting the UN Guiding Principles on Business and Human Rights, EDP committed itself to the fulfillment of the integrality of its concepts and methodology, which includes: "c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute." Whether or not this definition should be explicitly included in the Stakeholder Policy should be discussed. And the word "repair", that is used in the HLR declaration, shall be reviewed?

### **Commitment to respect working hours/overtime**

In fact, EDP's Policies only require its suppliers, explicitly, a commitment to respect working hours and periods. This matter is so structurally regulated in the labor conventions that it was not

previously thought to be relevant to specify. It deserves to be reconsidered.

### **Commitment to exceed minimum wage/meet living wage**

Also in relation to wages, the policy has been applied at the level of collective agreements. But in this case, consistently, the Code of Ethics establishes well the aspiration of EDP: "to strive to provide employees with high levels of job satisfaction and professional fulfilment by paying fair salaries and ensuring a safe and healthy work environment". But "fair" salaries seems to be insufficient to ensure the commitment to exceed minimum wage/meet living wage.

### **Commitment to product safety**

Product / service security has been seen as non-material for the supply chain and a difficult issue



# Human and Labor Rights Policy criticism

to formalize in relation to the supply of electricity. Because electricity always has risks. The commitment must be discussed within the scope of the technical quality of the infrastructure, which is sometimes the responsibility of EDP, but above all in the scope of user education. However, for all intents and purposes, electricity can never be a safe product / service per se.

## **The right to water as a fundamental human right**

Water management is a material issue for the Company: in the context of hydropower, which has always been linked to the development and improvement of people's access to water, for thermal power water-steam circuit, for water stress or competing uses of water as well as for workers' access to water, when working in non-urban areas. Thus the statement

deserves to be considered.

## **Commitment to audit suppliers**

The Supplier Code states that the supplier is obliged "to provide evidence of compliance when requested". This defines the supplier's obligation to accept audits carried out by EDP, including audits, inspections, statistical data... The audit procedure commitment is specified in the procedures to which EDP is self-obliged, the "Protocol". Should this procedure be publicly disclosed or a change at the Purchase Policy is preferable?

## **Commitment to Children's rights, other than child labor**

There has been an increasing tendency to demand a specific political commitment to the defense of rights for particular

groups of citizens. This is the case for children. This approach raises controversy, since by opening the way for this prominence, many other social groups that, in a variety of contexts, are very vulnerable are being left out. It is the dominant opinion that these options should be taken on a local scale, not globally, and be part of the Social Investment Policy, as it has been the practice at EDP.

## **Commitment to promote youth unemployment initiatives, apprenticeships**

EDP is strongly committed to offering professional internships and training for entrepreneurship, aiming to attract talents and skills and, at the same time, collaborating in promoting the employability of young people. However, the Training Policy does not specify this aspect with the focus it actually has. Training Policy could

be reviewed to reinforce the actual policies and practices.

## **Commitment to social and economic inclusion when selecting suppliers**

Especially originating in Australia and South Africa, an axis of purchasing policy emerged that aims to privilege the "social" nature of companies above the performance and qualification of suppliers. EDP has been following this issue in the context of its social investment policy and not in the scope of purchasing policy. The dominant point of view, at this point, is that, due to EDP's specialized and technological nature and the responsibility of its customer service, there are no "social" suppliers who can answer bids and provide the services requested. However, for specific services, such as catering and social services, it has been a practice to initiate consultations

with third sector entities. As part of the policy review, it is appropriate to place this debate in the context of the Social Investment Policy.

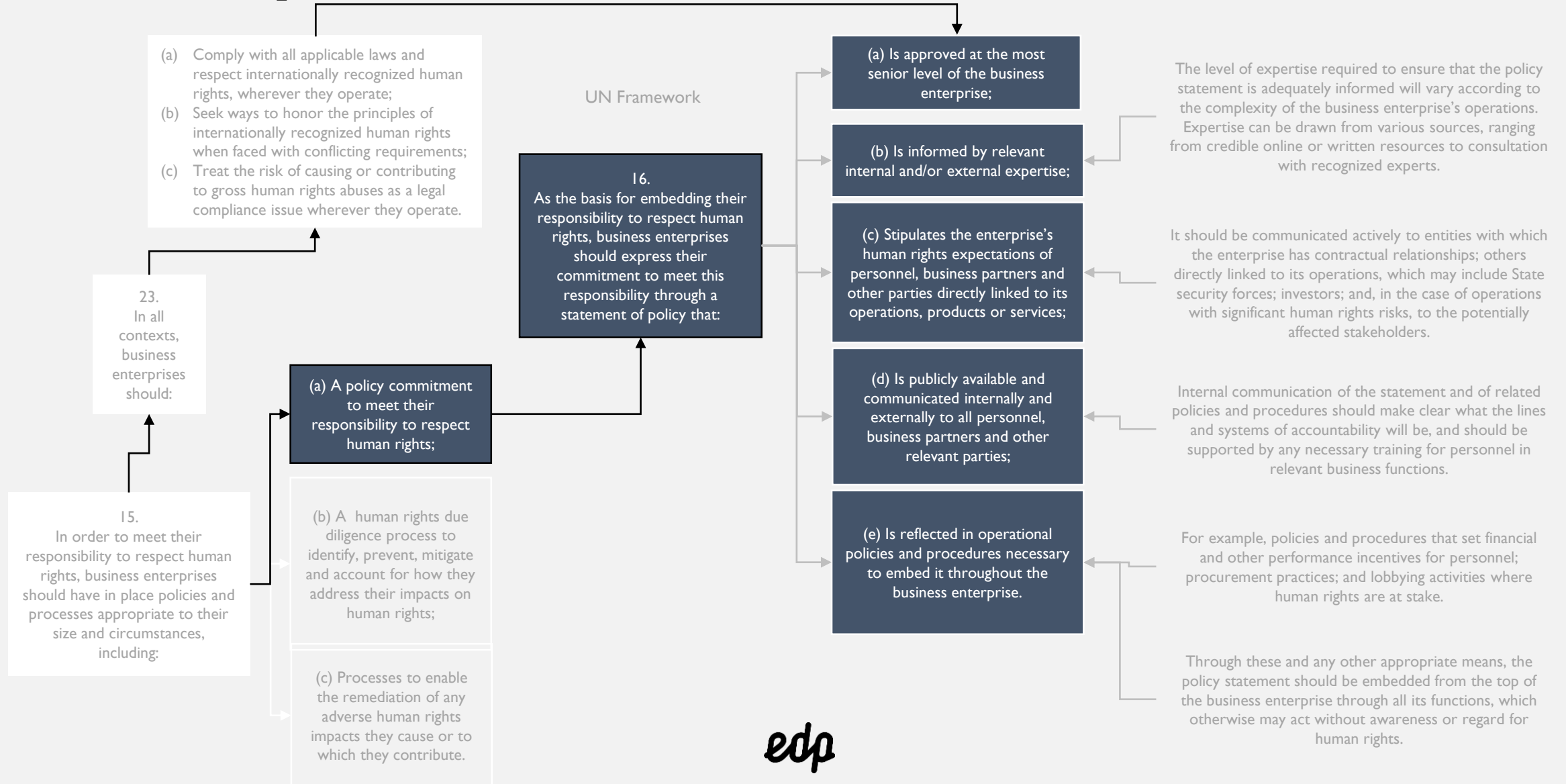
## **Commitment to employ under-privileged groups**

In line with the promotion of social inclusion through companies, a point of view argues that large companies should establish quotas for people not qualified for the functions. What supports this idea is not of a charitable nature but is based on the theory of change, currently the dominant theory, also within the European Union. The adoption of this approach, within the framework of EDP's recruitment policy, does not seem to be a priority option given the policy of accelerating gender equality and including disabled people. But the concept should be debated.



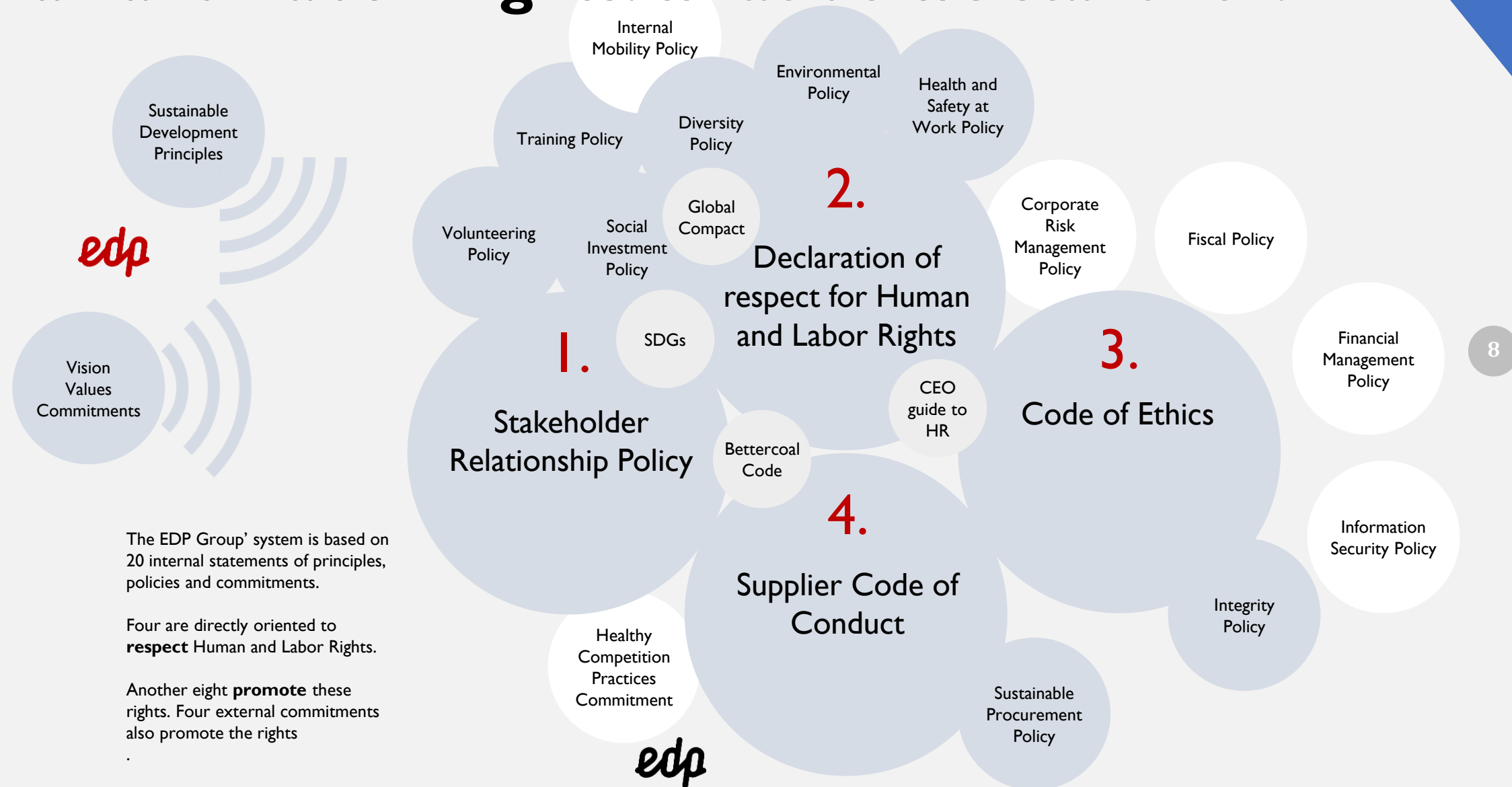
# Human and Labor Rights 2019

## UN Policy Framework





# Human and Labor Rights: what do we stand for?



The EDP Group's system is based on 20 internal statements of principles, policies and commitments.

Four are directly oriented to **respect** Human and Labor Rights.

Another eight **promote** these rights. Four external commitments also promote the rights



# Human and Labor Rights 2019

## EDP HLR architecture

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.

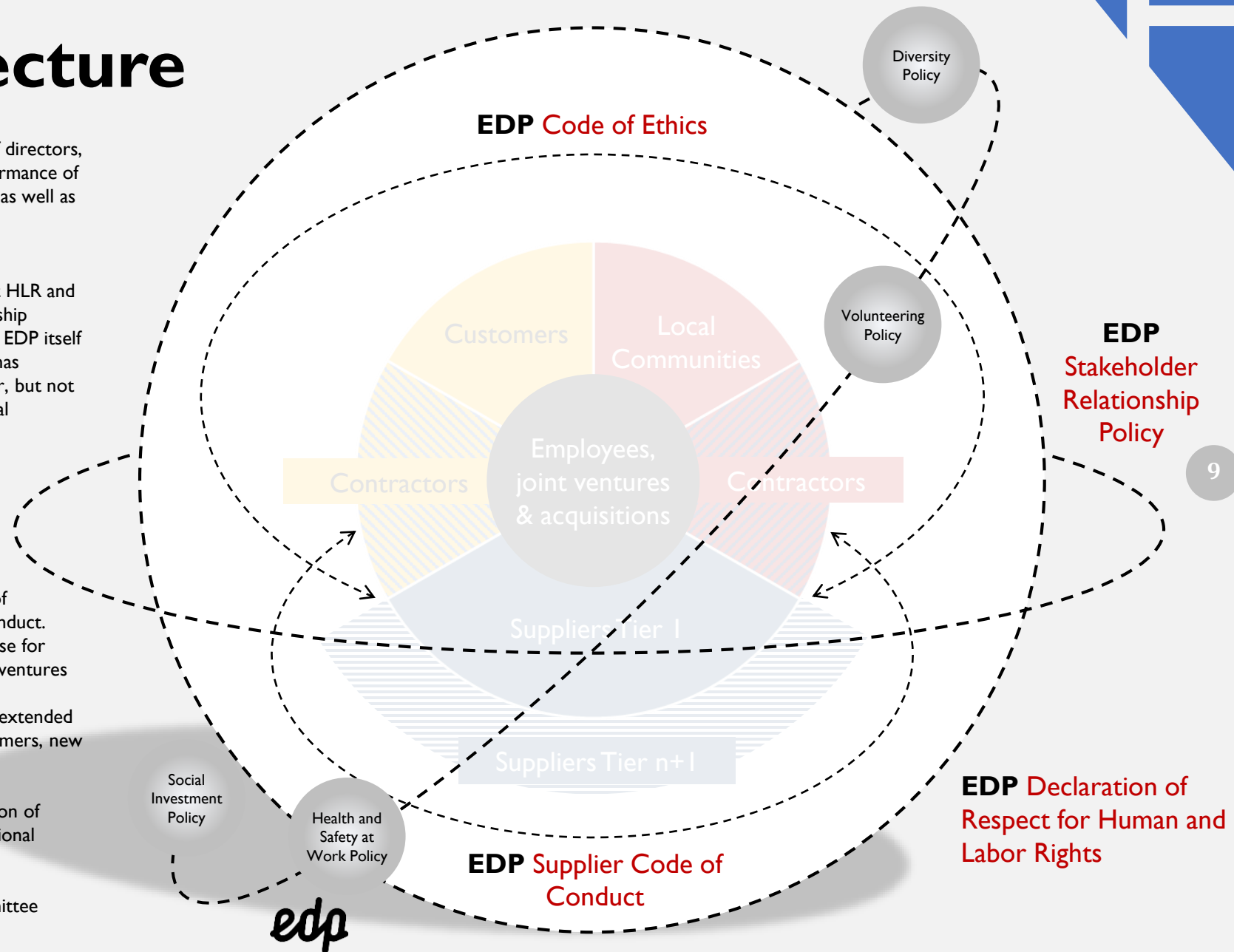
### Human and Labor Rights policy

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.

Human and Labor Rights Policy is assigned to the Sustainability Committee chaired by the Company's CEO.





# Stakeholder Relationship Policy

## I. 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.



# Declaration of Respect for Human and Labor Rights

**To substantiate EDP Group's Human and Labor Rights Policy, and in application of the UN Human Rights Council's Guiding Principles for Business and Human Rights (the Ruggie framework), EDP has adopted, in its main corporate documents such as the Code of Ethics and the Principles of Sustainable Development, the following commitments:**

- To act in full compliance with the laws and regulations of the regions in which it operates, with integrity and good governance, promoting respect for Human Rights and decent labor practices, in its sphere of influence, including their employees, partners, stakeholders and the value chain – suppliers and customers;
- To respect the Human Rights Universal Declaration, the International Labor Organization conventions, the United Nations Global Compact and the Guiding Principles for Business and Human Rights – Ruggie framework;

- Opposes to arbitrary detention, torture or execution and in favor of freedom of conscience, religion, organization, association, opinion, speech and the right to privacy and property.
- Not to employ child or forced labor or to condone such practices by third parties with whom it establishes relationships;
- To respect freedom of trade union association and recognize the right to collective bargaining;
- To settle down their labor policies and procedures in order to prevent any unjustified discrimination or differential treatment on the basis of ethnic or social origin, gender, sexual orientation, age, creed, marital status, disability, political orientation, beliefs, place of birth or trade union association;
- To give priority to safety, health and welfare of employees, ensuring the development of appropriate management systems of occupational safety and health;

- To respect, promote and ensure decent work conditions and do not tolerate acts of psychological aggression or moral coercion;
- To provide regular training on human rights and fair labor practices to its employees, partners and value chain (suppliers and clients);
- To maintain a close relationship with the communities in the regions in which it operates, by establishing regular, open and truthful dialogue, seeking to meet their needs, while respecting their cultural identity and aiming to contribute to the improvement of the living conditions of the local populations, recognizing the rights of ethnic minorities and of indigenous peoples;
- To respect the precautionary principle, when their activities may produce irreversible and serious damage to human life or health or to the environment that although uncertain are scientifically plausible, taking measures to avoid or mitigate these effects.

**For this purpose, EDP also undertakes:**

- To maintain a Human and Labor Rights Monitoring Program to identify risks and define actions in order to avoid, minimize or repair any negative impacts arising from its business and activities;

These Human and Labor Rights commitments apply to all EDP Group business units and companies, to any partnerships over which the Group holds the management control, as well to its employees, managers and services providers that act on his behalf. For the remaining associated entities, partnerships and suppliers, EDP will promote the alignment of respective policies, strategies and practices with the present Commitments of respect for Human and Labor Rights.

Executive Board of Directors May 2017



# EDP Code of Ethics (excerpt) - I

## 1. Object, scope and definitions...

## 2. Principles of action...

### 2.1 – Compliance with legislation...

### 2.2 – Integrity...

### 2.3 - Respect for Human and Labor Rights

EDP respects and undertakes to promote human rights and fair labor practices, particularly in its supply chain. EDP undertakes:

- to respect the Universal Declaration of Human Rights and international conventions, treaties and initiatives, such as the International Labor Organization Conventions, the United Nations Global Compact and the Guiding Principles on Business and Human Rights of the Human Rights Council. In particular, EDP opposes to arbitrary detention, torture or execution being in favor of freedom of conscience, religion, organization, association, opinion and speech;
- not to employ child or forced labor or to condone such practices by third parties providing it with products or services;
- to respect freedom of trade union association and recognize the right to collective bargaining;

- to respect and foster due respect for employees and fulfil their right to dignified working conditions. In particular, EDP seeks to protect its employees and will not tolerate acts of psychological aggression or moral coercion, such as insults, threats, isolation, invasion of privacy or professional limitation aimed at constraining the person, affecting their dignity or creating an intimidating, hostile, degrading, humiliating or disruptive environment;

- to ensure that its labor policies and procedures prevent unjustified discrimination and different treatment on the basis of ethnic or social origin, gender, sexual orientation, age, creed, marital status, disability, political orientation, opinion, birthplace or trade union membership;

- to give priority to employees' safety, health and wellbeing and ensure the development of appropriate occupational health and safety management systems.

*The employees undertake:*

- to work and act in accordance with the company's commitments in terms of human and labour rights;
- to know, comply with and enforce rules on occupational health and safety and report any nonconformities.

### 2.4 – Transparency...

### 2.5 - Corporate social responsibility...

### 3. Commitments to stakeholders

EDP undertakes to involve its stakeholders and include their concerns in decision making and management practices. To do so it maintains appropriate channels of consultation and report accurately and objectively on its economic, environmental and social performance.

#### 3.1 – Employees

EDP undertakes:

- to foster employees' personal and professional advancement. Managers play a particularly responsible role in identifying and promoting development opportunities;
- to invest in employees' work-life balance by promoting conciliation programs for the purpose;
- to value volunteering and encouraging employees' civic participation;
- whenever permitted by law, to provide properly regulated mechanisms for employees' participation in political processes, which may include voluntary personal monetary contributions;

- to promote the correction, affability and professional pride in the relations among employees, as well as respect for their rights, sensibilities and diversity and provide an inclusive work environment, free of prejudice and unjustified discrimination;

- to strive to provide employees with high levels of job satisfaction and professional fulfilment by paying fair salaries and ensuring a safe and healthy work environment;

- to foster respect for equal opportunities for all actual and potential employees.

*The employees undertake* to pursue their professional advancement with a view to continuous improvement in their knowledge and skills and make the best use of and achieve the best benefits and results in vocational training provided by the company.

#### 3.2 – Shareholders

...

#### 3.3 – Clients

EDP undertakes:

- to respect clients' rights and its contractual commitments to them, fostering, with sense of service, to meet and exceed their expectations;



# EDP Code of Ethics (excerpt) - II

- to provide relevant, truthful and accurate information in accessible language suited to their needs and respond to requests, queries and complaints within a reasonable time;

- to continuously improve performance and the quality of its products and services;

- to submit honest transparent and suited to clients' needs commercial proposals.

*The employees undertake* to act with correction, affability and professional pride in their relations with clients respecting their rights, sensitivities and diversity.

## 3.4 – Suppliers

EDP undertakes:

- to maintain clear, impartial and predefined ethical, technical and economic selection criteria;

- to refrain from abuse of dominant position in the negotiation and management of contracts and abide by the agreed terms;

- to foster compliance with safety standards and practices and labor legislation;
- to monitor the ethical conduct of suppliers and

take immediate and strict measures in cases where this may be questionable;

- to refrain from any encouragement of unfair competition and, in particular, to respect the confidentiality of suppliers' information and intellectual property.

*The employees undertake* not to recommend to clients, even if requested, certain suppliers or service providers if this recommendation is not framed in company procedures and can be seen as a limitation of competition.

## 3.5 – Community

EDP undertakes:

- to maintain a relationship of proximity with the communities in the regions where it operates, engaging in regular, open and frank dialogue, seeking to know their needs, respecting their cultural integrity and looking to contribute to improving the living conditions of local population; in particular, EDP recognizes the rights of ethnic minorities and indigenous peoples;

- to foster efficient use of energy and the adoption of more sustainable lifestyles;
- to maintain appropriate communication channels to inform the public of the risks and dangers of

energy, whether resulting from its normal or misuse or the operation of facilities and equipment under its responsibility;

- to act respecting the precautionary principle when its activities may result in serious and irreversible damage to human life or health or to the environment, which although uncertain are scientifically plausible, taking measures to avoid or mitigate these effects.

## 4. Process management

EDP takes this code as the privileged tool in solving ethical issues and makes it available to all employees and other stakeholders, that can and should report any conduct that may be in conflict with it.

EDP undertakes not to retaliate against complainants and to give to those that are targeted, fair treatment, based on the presumption of innocence, and access to information concerning them, if not undermine the truth-seeking.

### 4.1 - Queries and complaints

EDP maintains appropriate channels for ethical complaints, whistleblowing and queries. In the management of these channels EDP guarantees

confidentiality as to the identity of the person who uses them.

## 4.2 – Noncompliance

Employees who do not abide by this code are subject to disciplinary action in accordance with the regulations applicable to the infractions committed. Suppliers and service providers to whom the code applies are subject to the measures or penalties set in their contracts or arising from the EDP Group's assessment and qualification procedures.

## 4.3 - Monitoring and reporting

EDP undertakes to review, monitor and periodically publish its business ethics performance as set out in the EDP Code of Ethics Regulations.

Executive Board of Directors  
November 2013



# EDP Supplier Code of Conduct - I

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



# EDP Supplier Code of Conduct - II

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



# EDP Due Diligence Assessment and Findings

In the following pages, we review the results of Due Diligence processes. For analytical convenience, the results are presented according to risk groups and not according to each due diligence process. For this reason, we present a chapter exclusively dedicated to the analysis of the procedures.



Relevant sources

- www.edp.com
- OCCUPATIONAL HEALTH & SAFETY REPORT 2019
- SUSTAINABILITY REPORT 2019
- RELATÓRIO ANUAL DE SUSTENTABILIDADE - BRAZIL 2019
- EDPR 2019 ANNUAL REPORT
- MEMORIA SOSTENIBILIDAD 2019 ESPAÑA

Potential Risk	Issue presence	Incidents occurrence	Ongoing mitigation plans
.			
..			
...			



# 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.**

## 2019 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



# Human and Labor Rights 2019

## Procedures review and findings

to the primary industries, in particular the extraction of minerals, agricultural production, fisheries and silviculture. The electrical industry has difficulty in endorsing this issue as it is upstream from 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 87% of volume purchases 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 corporate 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 Diligence 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,

### New approaches to Due Diligence methodologies

The experience of internalizing external certifications, as is the case of the MásFamilia Certification, which is based on a mechanism of steps with the definition of successively more demanding objectives, has very positive results in the identification of relevant issues for internal stakeholders. On the one hand, an increasing number of people participate in the processes and on the other hand, the company learns from the inside what can be most successful in the relationship with external

stakeholders. In this area, it is worth mentioning the fundamental impact that the voluntary policy has, as it promotes openness of spirit and availability to local communities in all employees, especially those close to the infrastructure. In 2011, both EDP Spain and EDP Renováveis were certified as Family Responsible Companies by the Másfamilia Foundation. In 2013, it was the turn of EDP Portugal. Since then, EDP has been working on the development of measures and policies that promote conciliation and equality, acting on six pillars that it considers important for the lives of its employees:

- Support for families;
- Flexibility in time and space;
- Professional and Personal Development;
- Equal Opportunities;
- Quality in the workplace;
- Leadership and Management Style.

In 2019, EDP becomes the first

Portuguese company to achieve the level of "Excellence", with the Másfamilia Foundation renewing the company's certification and distinguishing EDP Portugal with this level and recognition given for the first time to a company in Portugal and among 26 companies with this level of certification worldwide.

### 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 2019, 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.

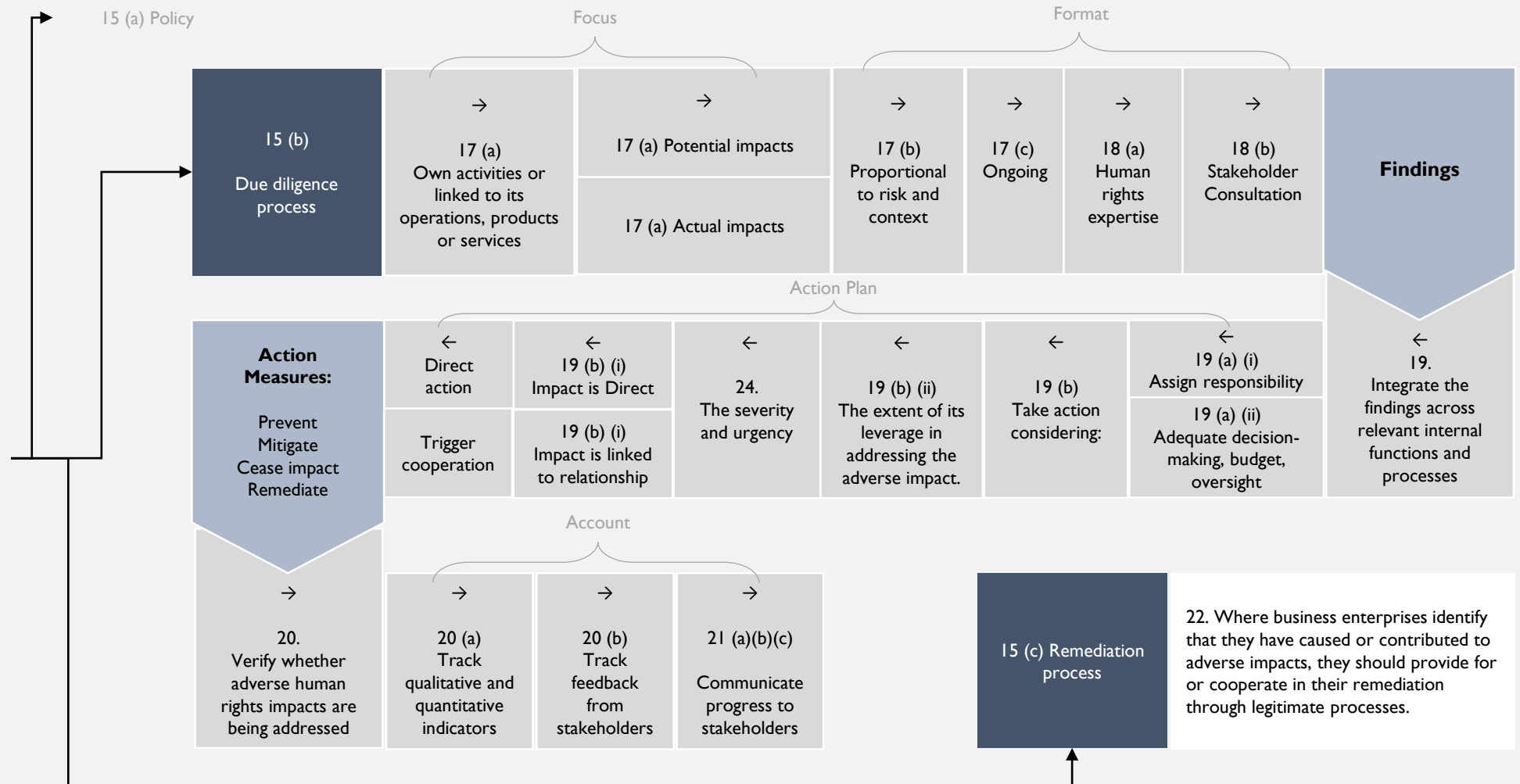


# UN Due Diligence Framework

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.

15.  
Policies and processes

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.





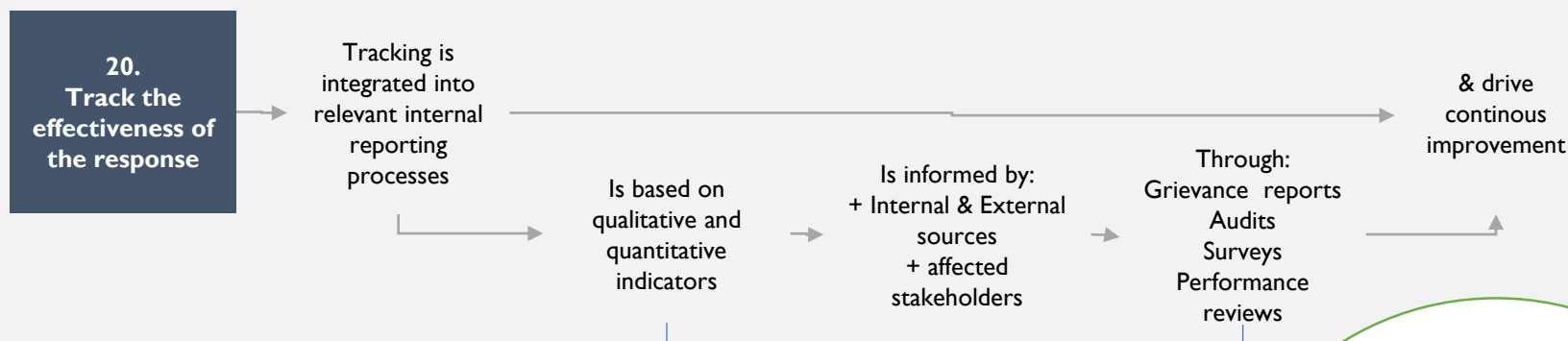
# Monitoring of progress

## Annual assessment of the ensemble of procedures

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 procedures assessment or monitoring process takes evidences from the ensemble of due diligences processes.

UN Framework



The assessment is Human and Labor Rights specific.

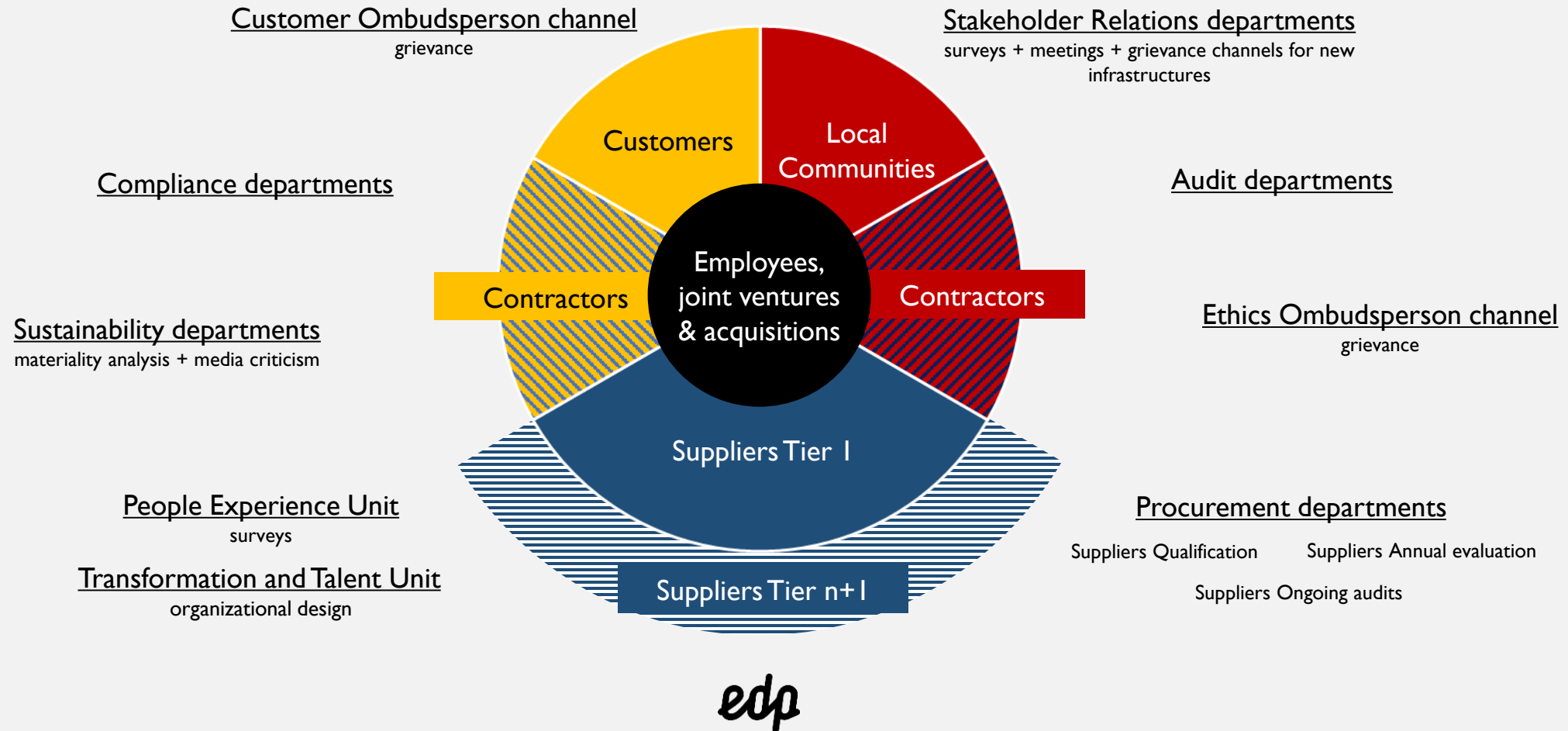
DO THE IMPLEMENTED PROCEDURES NEED IMPROVEMENT?	Y/N
Digital management systems	
Internal standards	
Risk assessment and management	
Audits	
Complaint and reporting channels	
Training	
Other	
PROPOSALS OF IMPROVEMENT:	

- Ethical process
- Human Resources process
- Internal audit process
- Media criticism monitoring
- New projects social evaluation
- Social Investment Process
- Supplier qualification
- Stakeholder survey process
- Supplier monitoring and evaluation
- KPI process
- Customers complaints
- Health & Safety process



# Monitoring of progress

## Annual assessment of the ensemble of procedures





# HLR top management Sustainability Committee\*

## Assignment of Policies to Committees

### Chair CEO

#### Sustainability Committee

Human Rights  
Purchases, Supplier Code, Bettercoal  
Social Investment  
Environmental  
Sustainable Development Principles  
Global Compact  
SDG  
CEO Guide to Human Rights

#### Human Resources and Diversity Committee

Volunteering  
Training  
Diversity

#### Stakeholders Committee

Stakeholders

#### Ethics Committee

Code of Ethics

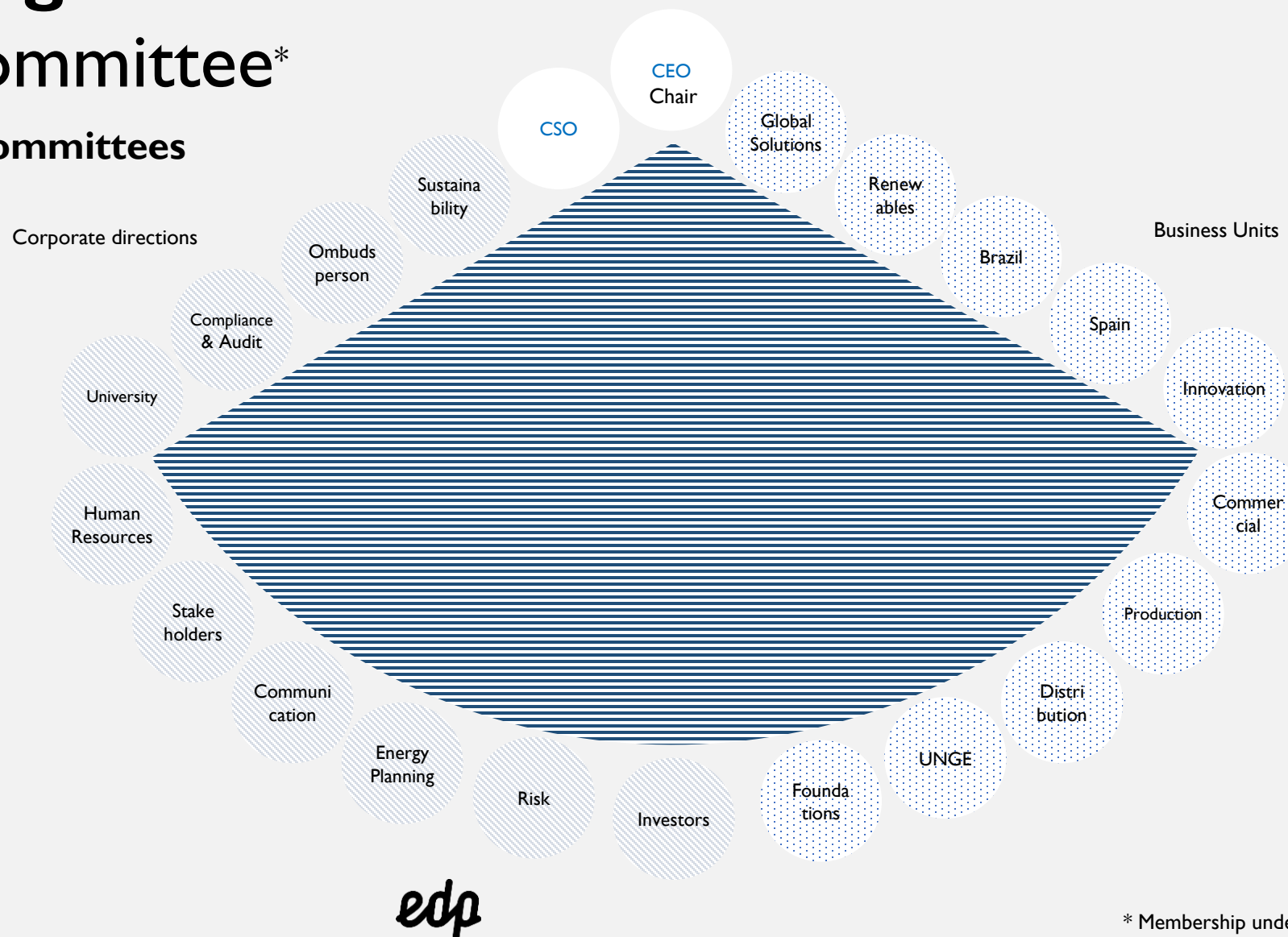
#### Compliance Committee

Integrity

### Chair CSO

#### Health and Safety Committee

Health and Safety





# EDP'S 2020 Human and Labor Rights Goals

## target performance

The EDP Group establishes and publicly commits to strategic sustainability objectives, quantitatively defined and embedded in the internal KPIs management system, applicable to all business units and areas.

These objectives are defined for the year 2030 horizon and translated into the three-year business plans. The current plan covers the period 2019-2022. The following table shows the targets applicable for the current year.

2020 Goal	2020 Target	2019 Performance
Employees engagement level	≥ 75%	73%
Female employees in the workforce	27%	25%
ISO 45000 - Employee coverage	100%	60%
ISO 45000 - Suppliers exposed to high H&S risks coverage	100%	64%
Own activities Accidents - Frequency index (employees & contractors)	≤ 2.00	1.84
Customers satisfaction	> 80%	77%
Recognition by the Ethisphere Institute	yes	yes
Protect Human Rights in the supply chain <sup>1</sup>	4 <sup>th</sup> stage	3 <sup>rd</sup> stage
Implement full stakeholders' auscultation <sup>2</sup>	4 <sup>th</sup> stage	3 <sup>rd</sup> stage
Employees participating in volunteer activities	20%	24%
Hours/year in volunteering activities	20,000 h	23,258 h
Investment in the community (LBG) (aggregate value 2016-2020)	€100M	€136M
Critical suppliers performance evaluated according to ESG criteria	100%	100%
Service providers with audited ESG risks	100%	n.a. <sup>3</sup>
Investment in Access to Energy (sub saharan countries)	10 x 10 <sup>6</sup> €	4,9 x 10 <sup>6</sup> €

<sup>1</sup> 1st stage - Impact Study; 2nd stage - Supplier's Code of Conduct; 3rd stage - Supplier's assessment in the Human Rights dimensions;

4th stage - Plans for improvement in relevant cases; adjustment of purchasing policies.

<sup>2</sup> 1st stage - Definition of a stakeholder auscultation methodology; 2nd stage - Implementation of the methodology in all Business Units in Portugal; 3rd stage - Implementation of the methodology in all Geographies; 4th stage - Cover all segments of the EDP Group's stakeholders.

<sup>3</sup> Status still to be determined





# Human and Labor Rights 2019

## Country/Sector Analysis & 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 electrical industry and, in particular, the EDP Group. The

Company will close its coal-fired power plants by shifting production to gas and increasing investments in renewable energies, continuing a trajectory started in 2006. This movement implies the expansion to new geographies, where it is only

expected to invest in infrastructure, and to new technological challenges such as offshore wind. In countries with commercial activity, the Group is closer to consumers offering energy efficiency and electric mobility solutions. But, at the

same time, the Company faces new challenges in the area of Human and Labor Rights, both due to the geographic dispersion to which it is exposed, and due to the impact on local employment resulting from the closure of coal-fired power

plants, as well as its commitment to promote access to energy and combating energy poverty. On the following pages, these themes are explored through documentation that analyzes them from the perspective of human and labor rights.

	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 Western countries	High	• Development of risk identification mechanisms and reinforcement of stakeholder consultation policies
Downstream business	Entry into the marketing of energy equipment and solutions with greater assistance to customers' homes	High	• Reinforcement of ethical principles in the training of commercial agents and contractors
From Coal to Gas Supply Chain	Invisibility of the source of the gas	High	• Development of the gas supply chain risk map and international cooperation
Wind Offshore	Innovative technologies and contexts without historical documentation	Medium	• Detailed stakeholders engagement and joint ventures
Tier n + 1 minerals	Forced and unprotected labor in mines	Low	• Bettercoal code and audits
Just Transition	Unemployment caused by the planned closure of coal-fired power plants in Europe.	Medium	• Socio-economic studies on local impacts on employment • Support for local entrepreneurship initiatives • Active participation in political forums for funding Just Transition
Access to energy	Rural populations without access to the electricity grid	Low	• Investment in sub-Saharan countries to promote access to electricity • Creation of philanthropic NGO fund
Fuel Poverty	Poverty linked to energy inefficiency in buildings	Medium	• Legal compliance with the financing of social tariffs • Scientific study on the causes and structural solutions to fight energy poverty

edp



# EDP Activities by Country

New EDP countries

Country	Work Force	Coal Power	Gas Power	Large Hydro	Offshore Projects	Wind/solar farms	Small Hydro	Transmission	Distribution	Retail	EE & A2E
Portugal	5852	•	•	•	•	•	•		•	•	
Spain	1722	•				•	•		•	•	
Canada	5					•					
Colombia	3					•					
USA	649				•	•					
Mexico	9					•					
Brazil	3158	•		•		•		•	•	•	
Peru	1			•							
Poland	36				•	•					
Romania	33					•					
Italy	36					•					
UK	65				•	•					
Belgium	2					•					
France	85				•	•					
Greece	2					•					
Ireland	0										•
Mozambique	0										•
Nigeria	0										•
Japan	0				•						
South Korea	0				•						
Netherlands	0				•						



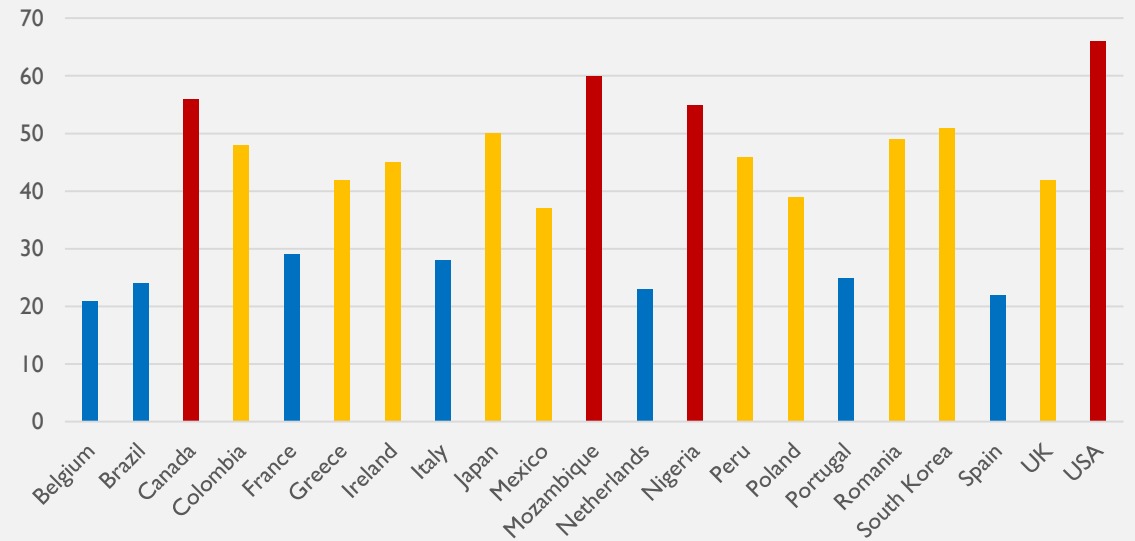
# Human and Labor Rights 2019

## ILO Conventions ratification

EDP Countries committed to the 8 Fundamental Conventions

	Forced Labor	Freedom of Association	Collective Bargaining	Equal Remuneration	Abolition of Forced Labor	Discrimination	Minimum Age	Child Labor
Belgium	●	●	●	●	●	●	●	●
Brazil	●	●	●	●	●	●	●	●
Canada	●	●	●	●	●	●	●	●
Colombia	●	●	●	●	●	●	●	●
France	●	●	●	●	●	●	●	●
Greece	●	●	●	●	●	●	●	●
Ireland	●	●	●	●	●	●	●	●
Italy	●	●	●	●	●	●	●	●
Japan	●	●	●	●	●	●	●	●
Mexico	●	●	●	●	●	●	●	●
Mozambique	●	●	●	●	●	●	●	●
Netherlands	●	●	●	●	●	●	●	●
Nigeria	●	●	●	●	●	●	●	●
Peru	●	●	●	●	●	●	●	●
Poland	●	●	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●
Romania	●	●	●	●	●	●	●	●
South Korea	●	●	●	●	●	●	●	●
Spain	●	●	●	●	●	●	●	●
UK	●	●	●	●	●	●	●	●
USA	●	●	●	●	●	●	●	●

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





# Human and Labor Rights 2019

## Sector exposure

### Top 10 Human Rights Risks for the Power and Utilities Sector – the BSR report - I

**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 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 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..



# Human and Labor Rights 2019

## Sector exposure

### Top 10 Human Rights Risks for the Power and Utilities Sector – the BSR report - II

#### 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)

#### 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)



# Human and Labor Rights 2019

## Emerging Issues

### BSR.org

#### 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.

#### Privacy and Data Security

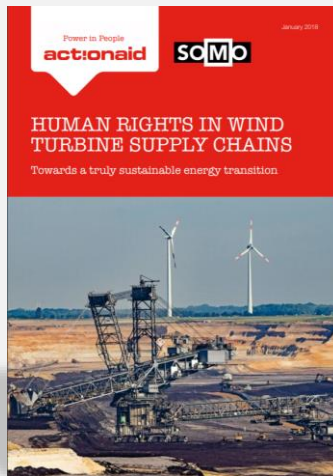
Smart metering systems are increasingly used by utilities to efficiently manage their service loads and to support continuing sector innovation. Analyzing consumption patterns requires data storage that may risk a breach—and the dissemination of private consumer data—with untold consequences.

### 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.

### SOMO.nl

#### 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.

- 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

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**  
**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.



# Human and Labor Rights 2019

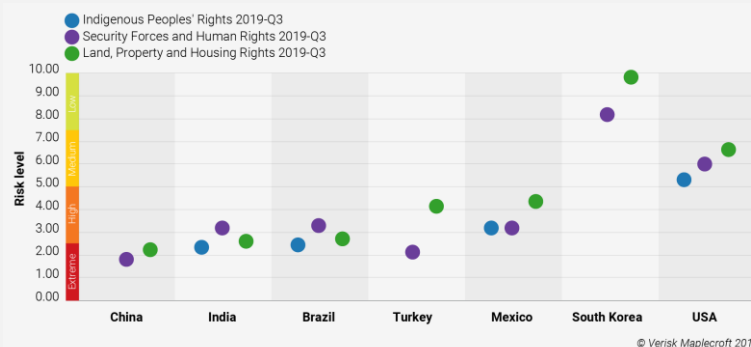
## Emerging Issues

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 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;





# Local & Indigenous Communities Assessment

+ SUSTAINABILITY REPORT 2019

Throughout 2019, there were occasional negative impacts on the human rights of local communities. In the construction works of a wind farm in Canada, the cement dust released by the infrastructure works deserved the complaint of inhabitants. The construction management team made the decision to start warning the population whenever the operation could raise dust, through the website and road signs. In Brazil, attempts to steal electricity directly from the distribution network led to fifteen accidents, including six fatalities. In this country, EDP has an extensive technological and educational investment plan in order to reduce these types of events. In the remaining topics, marked with a blue circle, the dialogue plan with the local community of the Dieppe

offshore park is still being developed and progress has been made in implementing the socio-environmental compensation measures of the indigenous communities of Sao Manoel. With the start of the wind farm project in Colombia, the process of evaluation and dialogue with the Wayúu communities also started and will deserve continuous monitoring. In the case of Portugal and Spain, socio-economic impact studies were carried out due to the proximity of the closure of coal-fired power plants. In Spain, a support program for local employment programs was created. At the political level, EDP has participated in the consultation and development of government and European measures related to the Just Transition fund.

RISK MAP

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		•				•••	••	•	•

▲ One site with mitigation plan ongoing

edp



# Brazil Indigenous communities

## Kayabi, Munduruku and Apiaká ethnic groups territories

Brazil - UHE Sao Manoel  
Power station type:  
Hydroelectric  
Location: Paranaitá (MT) /  
Jacarareacanga (PA) - Teles Pires  
River  
Installed Capacity: 700 MW  
Operation Start: May 2018  
Owning Companies:  
EDP/CTG/Furnas

Community website  
[www.saomanoelenergia.com.br](http://www.saomanoelenergia.com.br)

<https://www.saomanoelenergia.com.br/en/environment/environmental-programs#prog-socioeconomic-environment>

The construction, between 2014 and 2018, of the São Manoel Hydroelectric Power Plant, with 700 MW of installed capacity, located on the Teles Pires River, on the border of the Brazilian states of Mato Grosso and Pará, led to EDP being exposed to impacts resulting from interference in the territories historically occupied by the Kayabi, Munduruku and Apiaká ethnic groups. In order to mitigate the negative impacts, but also to enhance the positive effects of the São Manoel power station, EDP has developed programs for territorial and socioeconomic enhancement with these communities, thereby fully complying with the obligations arising from socio-environmental licensing, acting in full respect for legislation and regulations for the protection of indigenous rights, with all the programs, projects and

commitments assumed having been implemented in a proactive manner involving dialogue and diligence. In 2019, when the São Manoel power station was already operating, the territorial enhancement programs continued with the construction of two schools, three basic indigenous health units, a social gathering center equipped with a community kitchen and a flour house serving seven villages of the Munduruku, Apiaká and Kayabi ethnic groups. As part of the Programme for Strengthening Indigenous Organizations, the granting of 39 technical and higher educational scholarships for indigenous students is underway. The scholarships include the payment of college fees and monthly payments, donation of laptop computers with a backpack for each student, guarantee of travel

to the indigenous communities during the holiday period, housing assistance in the amount of 2.5 minimum wages and psych pedagogical support to adapt to the University. This measure covers about 1,200 indigenous people spread over 19 villages, and forms an integral part of the Basic Indigenous Environmental Plan.

### Remaining Controversies

At the end of 2018, the Ministério Público Federal de Mato Grosso (Mato Grosso Federal Prosecutor's Office - MPF/MT) filed a civil lawsuit aiming at the suspension of the Operation License of the São Manoel Hydroelectric Power Plant, arguing that the Empresa de Energia de São Manoel (EESM), of which EDP is a shareholder, would not have

correctly executed the socio-environmental compensations foreseen in the environmental licensing of the undertaking. The Public Prosecutor maintains that the licensing authorities had not guaranteed respect for indigenous rights, as provided for in ILO Convention 169. However, all the socio-environmental conditions provided for in the Installation and Operation Licenses are being executed by EESM and monitored by the licensing process bodies, including FUNAI - Fundação Nacional do Índio, IPHAN - Instituto do Patrimônio Histórico e Artístico Nacional, Ministério da Saúde, Instituto Chico Mendes e IBAMA - Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis, in accordance with the provisions of the approved Basic Environmental Programs. Having

occurred the decline of jurisdiction by the Judge of Cuiabá/MT for the Judicial Subsection of Sinop/MT, the EESM has not even been cited in this process. The Conflict of Jurisdiction arising from the Sinop/MT Judicial Subsection is currently awaiting trial, and it has also not been considered competent to process the case.



# Colombia Indigenous communities

## Wayúu territories

Colombia – Alpha & Beta  
Power station type: wind farms  
Location: La Guajira  
Future Capacity: 492 MW  
Operation Start preview: 2022  
Owning Companies: EDPR

22 October 2019: EDPR has secured two 15-year Power Purchase Agreements (“PPA”) at the renewable auction CLPE No. 02-2019 organized by the Colombian Government.

The PPA contracts are based on the energy to be produced at two wind farms, namely Alpha, with a total installed capacity of 212 MW, and Beta, with 280 MW, which are expected to commence commercial operations in 2022. Within the framework to develop these two facilities, currently at an advanced stage, EDPR has made commitments to the local indigenous community, which will benefit from the positive socio-economic impact of the wind farms on the region.

### Local Communities context

Territories with high wind potential are located in the Wayuu indigenous reservation of

Alta y Media Guajira, and the prior consultation procedure is required for their operation. Among the alternatives applied to work in harmony with the populations, is a model of society, where communities and territorial entities participate as shareholders. An example is the company of integrated public services WAYUU S.A. E.S.P, made up of 8 shareholders, including the municipalities of Manaure and Uribia, the National Indigenous Organization of Colombia - ONIC, the Waya Wayuu Association and four private shareholders, each with a subscribed capital stake of 12.5%.

According to interviews carried out with different actors in the sector, there is an alert about the presence of new stakeholders with the intention of negotiating with the communities without generating the required levels of social inclusion and running the risk of

establishing alliances under welfare models. In this process, the accompaniment of public entities such as the Regional Autonomous Corporation of La Guajira (Corpoguajira), SENA, the municipalities of Uribia, Manaure and Maicao, together with the Government through the Ministry of Indigenous Affairs and the Ombudsman's Office. ([/www.evwind.com/2019/03/28/energia-eolica-de-la-guajira-para-colombia/](http://www.evwind.com/2019/03/28/energia-eolica-de-la-guajira-para-colombia/))



# France Local communities

## Potential impact on fishing activities

<https://dieppe-le-treport.eoliennes-mer.fr/le-dialogue-autour-du-projet/les-actions-de-concertation-et-d-informations/>

France – Dieppe

Power station type: offshore wind farms

Location: Tréport

Future Capacity: 496 MW

Operation Start preview: 2022

Owning Companies: Engie, Caisse des Dépôts, EDPR, Sumitomo

Community website

[dieppe-le-treport.eoliennes-mer.fr](https://dieppe-le-treport.eoliennes-mer.fr)

CITIZEN INVESTORS (3/10). In the context of opposition to its offshore wind turbine project off Dieppe and Tréport, the maneuver consortium, led by Engie, associated the population with its project via a crowdfunding operation. Not even afraid ! They loaned up to 2,000 euros to a company that has no income yet, the Dieppe-Le Tréport Eoliennes en mer consortium (EMDT), to finance wind measurements at sea! No doubt they have confidence in the financial solidity of its shareholders (Engie,

Caisse des Dépôts, EDPR, a renewable subsidiary of the Portuguese electrician and Japanese Sumitomo) to maneuver for the construction of the future wind farm. It has just received the administrative green light to produce its first kilowatt hours in 2022 at the earliest.

"I challenge any bank to offer me such a low-risk and profitable product over three years!" Says this resident of Seine-Maritime, who lent 2,000 euros. It is indeed a loan remunerated over 3 years at 5%, explains Enerfip, crowdfunding platform - specialized in renewable energy installations - mandated by the consortium to carry out the operation. "If the turbines are ordered within three years, that is to say if the project is carried out, the loan is extended by one year with a subsidy of 1.5% bringing the entire loan down to 6.5% over 4 years. »If the turbines are not ordered, the initial conditions apply, ie 3 years at 5%. Enerfip, for its part, is remunerated by invoicing the project

holder with collection fees (between 4 to 6% of the amounts collected).

### Public debate

"We did not expect to reach our goal so quickly - in 52 days - which was to raise 850,000 euros," says Maud Harribey, head of local consortium relations. Enerfip, meanwhile, closed the campaign on June 13, 2019 with three weeks in advance, at one million euros, the legal ceiling.) 960 people have invested, half coming from Seine-Maritime and Somme, the two departments which border the future park and its 62 wind turbines. The initiative had emerged during the public debate in 2015 in a context of strong opposition to the coastal fishermen's project, supported by the communist mayors of Dieppe and Le Tréport. The fishermen considered - and still estimate - their activity threatened, the park being located, according to them, in the area richest in fish of the Channel. Associations such as France Nature Environnement (FNE) and l'Estran,

an association for the study and preservation of the coast, had asked that the project be opened to crowdfunding to involve the local population in the project with a financial investment. After choosing Enerfip in 2017 as the trusted third party, it was still necessary to determine the precise object to be financed. The choice fell on an additional campaign of wind measurements at sea that the project leader must carry out.

### Echolocation

For four years, a buoy anchored at sea in the park area with a lidar has been measuring wind speed and direction up to 200 meters high, using the echolocation technique of the bat which emits ultrasound. "The buoy emits a wave in the form of a vertical light laser beam which is reflected by the moving air particles, and it is the frequency difference between the initial wave and the reflected wave which determines the wind speed", explains Maud Harribey. "Unlike the measuring mast, the reference technology, the

buoy can be installed and uninstalled easily," she said. But new technology requires, EMDT must now compare the data collected with that of an existing mast at sea to verify the conformity of the values recorded during the first phase. Hence this new measurement campaign.

For saving investors, the challenge is above all to support the wind farm against its opponents. "This initiative creates a community around the project in the face of violence from opponents of the wind farm and fake news. The sea does not belong only to fishermen whose 25-meter boats can also fish inside the park! », Underline Françoise and Richard Kobylarz, retired from education settled in Dieppe (Seine-Maritime). The motivation of these environmental activists is also clearly anti-nuclear. "We are here trapped between six nuclear reactors [four in Paluel and two in Penly, note]. The territory must advance on other industries than the nuclear of the past! " Julien Hostache, managing director

and co-founder of Enerfip points out that citizens can be "actors of their savings because they direct the money they invest towards the project of their choice". It can also "counterbalance opponents whose voices are always louder than those of citizens in favor of a project". Jean-Pierre Leporc, a former industrial fishing sailor and vice-president of the National Society for Sea Rescue (SNSM) in Dieppe, also wishes to make it known that "the SNSM works very well with the wind farm". The pensioner has placed 2,000 euros "to support renewable energies which are lagging behind in France" and does not understand the opposition of coastal fishermen. "There will be more than a kilometer between two lines of wind turbines, which will allow them to work. Jean-Pierre has become unbeatable on offshore wind turbines. He is at all the meetings on the subject.

Claire Garnier, August 21, 2019  
<https://www.lesechos.fr>



# Canada Local communities

## Concerns raised about Nation Rise Wind Farm construction

Canada – North Stormont  
Power station type: wind farms  
Location: Nation Rise  
Future Capacity: 100 MW  
Operation Start preview: 2021  
Owning Companies: EDPR

Community website  
[nationrisewindfarm.com/](http://nationrisewindfarm.com/)

[https://s3.amazonaws.com/Citations/nationrise/NRWF\\_CommunityEngagementPlan\\_FINAL\\_071615.pdf](https://s3.amazonaws.com/Citations/nationrise/NRWF_CommunityEngagementPlan_FINAL_071615.pdf)

Located approximately 40 kilometers southeast of Ottawa, ON near the South Nation River, the Nation Rise Wind Farm is situated in the Municipality of North Stormont within the United Counties of Stormont, Dundas, and Glengarry. The area is mainly comprised of agriculture land predominantly used for dairy farming as well as to grow corn and soybeans.

The Nation Rise Wind Farm was submitted in the 2015 Large Renewable Procurement I (LRPI) facilitated by the Independent Electricity System Operator (IESO). In March 2016, the Nation Rise Wind Farm was a Selected Proponent in the IESO's LRP I and was awarded a contract to provide Ontario with 100MW of clean, renewable energy. The project was granted its Renewable Energy Approval (0871-AV3TFM) on May 4th, 2018.

### Controversies

July 23, 2019, CRYSLER — A North Stormont woman is concerned about potentially harmful dust clouds blown onto her property and those around her as access roads are being built for the Nation Rise Wind Farm. Laurie Harkin-Chiasson was shocked to learn the dust billowing from the construction contained Portland 10 cement powder, which can cause skin and respiratory irritation and serious eye damage. Harkin-Chiasson said she and her neighbors weren't notified of the construction on July 11, when she warned her neighbor who was walking with her infant in a stroller as the clouds came through, nor were they notified on July 15 when construction resumed nearby her home. "I've taken it upon myself to stand up for my community," she said. The clouds came from a soil-stabilization procedure being

done to build the access roads to the 29 wind turbines. The procedure involves removing the topsoil and blending the soil below with cement, before covering the surface gravel to secure the floor for paving. "I could feel it in the back of my throat," said Harkin-Chiasson. The safety data sheet (SDS) from Lafarge, a cement and concrete company, said long- and short-term exposure to the dust of Portland 10 cement can cause severe skin burns, eye damage and may cause respiratory irritation. It may also cause acute silicosis, which "results from short-term exposure to very large amounts of respirable crystalline silica," according to the SDS sheet. Harkin-Chiasson has taken the matter to EDP Renewables, the company that owns the wind farm, along with North Stormont council, the Ontario Ministry of the Environment, and the Ministry of Labor.

According to Harkin-Chiasson, it took two calls to the ministry before the EDP began sending notices. She was particularly angered when she was told through the ministry the company had offered to wash the cars of those affected by the dust. "Our community's health and safety is at risk. I was so insulted," Harkin-Chiasson said. Borea, the company contracted by EDP to build the wind farm, is also involved in a \$10-million lawsuit from 2015 after a St. Anns, Ont. family had received serious reactions from exposure to the cement dust. The lawsuit alleges cement dust had been blown directly into their home, covering the interior with dust that caused "non-stop coughing" and severe skin and eye irritation. There was no suggestion the exposure in North Stormont reached this extent. "EDP and Borea take the concerns very seriously," said

Ken Little, project manager with EDP, who confirmed Clarke was using Portland 10 and added the company is working with the Eastern Ontario Health Unit (EOHU) and Ministry of the Environment during construction. Beginning last week, Little said the company is now providing an advanced notice to residents within 200 meters of the soil stabilization, and are posting notices of construction on the Nation Rise website. Little said wind conditions would be monitored during the soil stabilization process, and said they adjust where they conduct the stabilization depending on weather and wind conditions. Little said the decision would be made by site supervisor based on a "visual determination over the field." The EOHU and Ministry of the Environment did not return calls seeking comment on this matter. [ndunne@postmedia.com](mailto:ndunne@postmedia.com) [www.standard-freeholder.com](http://www.standard-freeholder.com)



# Portugal Local communities

## EDP Distribuição considers that there is no basis for accusing employees

Portugal – Pedrógão Grande  
Distribution grid

EDP Distribuição considers that there is no basis for accusing employees  
EDP Distribuição today considered that the accusation of two employees for lack of cleaning of vegetation along electrical lines is “unfounded”, despite being pronounced in the 2017 fire process starting in Pedrógão Grande.  
According to a note from EDP Distribuição, the accusation that falls on two of its employees “is restricted only to the alleged lack of cleaning of the vegetation next to the power lines”.

“EDP Distribuição reaffirms that such accusation is unfounded, since it carried out regular vigilance over the electric lines and intervened in the vegetation, fulfilling all its obligations in order to guarantee the quality of service and the security of the network”, stressed the company. The investigating judge of the Court of Leiria decided to bring

to trial 10 of the 13 defendants in the case seeking to determine criminal liability for the fire that started in Pedrógão Grande in 2017, which caused 66 deaths. The electricity distribution company claimed that, in its understanding, “criminal responsibilities cannot be attributed to its employees” and “reiterates total confidence” in the work developed by you and your operational teams.

EDP Distribuição recalled that, “in the course of an investigation into the cause of the fire, the hypothesis that ignition was at the origin of the electrical network was ruled out”.  
Of the 13 defendants in the case, the investigating judge decided to pronounce, referring for trial, the then presidents of the municipalities of Castanheira de Pera, Fernando Lopes, of Figueiró dos Vinhos, Jorge Abreu, and of Pedrógão Grande, Valdemar Alves.

Following the instructional debate, the court also decided to bring the then forestry engineer to trial in the municipality of Pedrógão Grande Margarida Gonçalves; the commander of the Pedrógão Grande Volunteer Firefighters, Augusto Arnaut; EDP’s deputy director of commercial area José Geria; the deputy director of the Center’s maintenance area at the same company, Casimiro Pedro; and three defendants with positions at Ascendi Pinhal Interior: José Revés, António Berardinelli and Rogério Mota.  
The judge decided not to pronounce the district commander of Leiria’s rescue operations at the time of the facts, Sérgio Gomes, the second district commander, Mário Cerol, and José Graça, then vice-president of the Pedrógão Grande Chamber.  
The fire that broke out on June 17, 2017, in Escalos Fundeiros, municipality of Pedrógão Grande,

and which then spread to neighboring counties, caused 66 deaths and 253 injuries, seven of them seriously, having destroyed about 500 houses, 261 of which they were permanent homes, and 50 companies.

Lusa  
21.06.2019



# Brazil Local communities

## Safe use of energy – Human accidents with power grid

Brazil – São Paulo and Espírito Santo

EDP Brazil constantly aims to reduce the rate of accidents with electricity in the communities. To this end, it invested in 1,409 educational activities that provided guidance on the safe use of energy. In addition, through voluntary actions, it raised awareness to 15.5 thousand people on the topic. During the period, a diagnosis of accidents with the community was also carried out and a working group was created in order to obtain a complete mapping of the main causes of accidents and to develop action

plans. Among the initiatives, the project Brincando com Pipas stands out, in partnership with the EDP Institute, which aims to raise awareness among children and young people about risks of playing near the power grid. During the period, the project was expanded to five schools in the city of Guarulhos, in order to raise awareness about 6 thousand children and adolescents. As a result, there was a drop in the number of occurrences in the network with disconnection in the communities and children's and youth

empowerment for the theme. Other regular initiatives are Operation Summer, with actions that involve an automated tool for routing services, repositioning support bases for the teams and partnership with municipal bodies, Civil Defense, Fire Department and Police. Additionally, in 2019, EDP São Paulo announced an investment in the order of R \$ 80 million to regularize 100% of the mapped centers with clandestine connections in the concession area, thus leading to a safe, efficient and quality network.

	São Paulo			Espírito Santo		
	2017	2018	2019	2017	2018	2019
Total accidents	13	10	3	5	2	6
of which Fatalities	5	3	3	4	4	3



# Spain | Portugal Local communities

Just Transition - negative impact on employment

Spain – Asturias  
Portugal – Alentejo

The goals of energy decarbonization, a key element of the European Union's climate strategy and, in particular, Portugal and Spain, and also a key element of the EDP Group's strategy imply the closure of coal-based energy generation in Sines, Portugal, and Aboño and Soto de Ribera, in Asturias, Spain.

The closure of coal-fired power stations will have a significant negative impact on employment levels and the economy of the local communities, if measures are not taken and mechanisms are not put in place to ensure a just transition that guarantees the well-being and employability alternatives for the affected populations. By taking on the commitment to work towards decarbonization, the EDP Group also made a commitment to work

together with governments and local authorities to mitigate any negative impacts and to seek solutions adapted to the need for social balance.

In order to promote public discussion on the necessary measures to guarantee the just transition of the closure of coal plants, EDP carried out socio-economic impact studies associated with its coal-fired plants, detailing the direct, indirect and induced effects on the creation of employment, at the geographical level, the contribution to GDP and the contribution to public revenue. In particular, job destruction could amount to 7% of the population in the municipality of Carreño and 20% of the population of Ribera de Arriba, in Asturias, as well as 2% of the population of Sines, in the Alentejo.

## ENTAMA

**The 1st edition of this program began in 2019, and 85,000 Euros were allocated to the 10 selected projects. These projects should contribute to the fight against unemployment and to settling the population in the municipalities of Carreño, Ribera de Arriba, Proaza, Quirós, Somiedo, Belmonte and Sobrescobio. In addition to financial support, it also intends to contribute to the empowerment and sustainability of projects, with information and consultancy actions for its promoters from the beginning and during the period the project is carried out. This program will continue in 2020.**



# Human and Labor Rights 2019

## Costumer Assessment

Undue power cuts and the technical violation of private property keep going the relevant issues on costumer rights. Undue power cuts (< 200 per million) result from communications prior to the interruption not reaching the customer (incorrect addresses or system failures), momentary instabilities in computer systems, which cause delays in the integration of payments, procedural non-compliance (interruption on the day before the week-end or incorrect identification of the physical installation). All situations were solved.

Improvements in the database of addresses with geo referencing and investments in systems, scheduled for implementation in April 2020, will greatly reduce the incidences. The Collect project, which reformulated the entire collection process with the integration of online payments, the introduction of monitoring actions to guarantee

double-check prior to interruption and use of advanced analytics tools (Celonis) to optimize the process, and a constant commitment to the continuous training and the clarification of procedures, all of which are part of a constant and continuous work.

The technical violation of private property (<1 per million) 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 complementary situation that keeps occurring.

In addition, there were three situations of potential violation of personal data, one situation of swindle by an agent and two situations of physical intimidation by customers on employees.

RISK MAP		Distribution and Commercialization of energy			Access 2 Energy: PV solutions	
Potential Issues		Portugal	Spain	Brazil	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		●	●	●	●	●



# Human and Labor Rights 2019

## Supply Chain Assessment

### Risk map incidents

As of 2019, the performance of all critical EDP suppliers began to be assessed in relation to Human and Labor Rights. These suppliers represent 87% 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 Tier I suppliers.

In 2019, only one supplier failed to comply with human and labor

rights criteria. In another case, as a result of financial difficulties, payments were delayed. Punctually, one case of inadequate working conditions and another of verbal harassment were detected and resolved.

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.

Potential Issues	RISK MAP			
	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	•			

+ OCCUPATIONAL HEALTH & SAFETY REPORT 2019

+ SUSTAINABILITY REPORT 2019

edp



# Human and Labor Rights 2019

## 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

RELATED TO DIRECT AND INDIRECT PURCHASES	unit	Tier I Risk	Tier n + I 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



# Supply Chain Assessment

## All critical suppliers evaluated on Human Labor Rights

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.

### 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/>).



# Human and Labor Rights 2019

## Employees Assessment

RISK MAP

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.

In terms of collective bargaining, the percentage of employees covered by conventions dropped from 90% to 88%, mainly due to a fall in Spain, where there was also a total of 116 strike hours.

The main problem occurs in Brazil, where there is a greater number of complaints regarding non-compliance with working hours and rest times.

Potential Issues	Europe	North America	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			

+ OCCUPATIONAL HEALTH & SAFETY REPORT 2019

+ SUSTAINABILITY REPORT 2019

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# Founding Declarations and Frameworks

## DECLARATIONS

1.

United Nations Universal  
Declaration of Human  
Rights

2.

ILO Declaration on  
Fundamental Principles and  
Rights at Work and the eight  
fundamental Conventions

## FRAMEWORKS

3.

United Nations Guiding  
Principles on Business and  
Human Rights - Ruggie  
Framework

4.

OECD Guidelines for  
Multinational Enterprises





# The Universal Declaration of Human Rights

United Nations 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.

## 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.





# The Universal Declaration of Human Rights

United Nations General Assembly on 10 December 1948 - II

## 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.
- (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 and the eight Fundamental Conventions

## THE INTERNATIONAL LABOUR CONFERENCE (excerpt)

- I. 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).

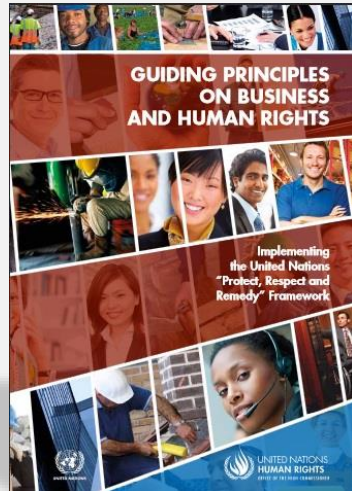
## 8 Fundamental Conventions

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:		
(a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;	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.	
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:		
(a) A policy commitment to meet their responsibility to respect human rights;	(b) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;	c) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.



# UN Guiding Principles on Business and Human Rights

## The Ruggie Framework - II



B - OPERATIONAL PRINCIPLES				
POLICY COMMITMENT				
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.
HUMAN RIGHTS DUE DILIGENCE				
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.	





# UN Guiding Principles on Business and Human Rights

## The Ruggie Framework - III

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.	
REMEDIATION			
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.			
ISSUES OF CONTEXT			
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.			



# Human and Labor Rights 2019

# ECD 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.





# ECD Guidelines for Multinational Enterprises

## excerpt

### 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:

1. 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 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.



# Internet Sources

[Human Rights Web site](#)  
[This Human an Labor Rights Report](#)  
[Health and Safety Report](#)  
[EDP Group Sustainability Report](#)  
[EDP Spain Report](#)  
[EDP Renewables Report](#)  
[EDP Brazil Report](#)  
[Stakeholders Report](#)  
[Ethics Report](#)

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