



## **A2E CSR Fund Program 2019/2020**

### **Regulation**

#### **CHAPTER 1 - PROGRAM**

##### **1. Scope of application and Objectives**

EDP – Energias de Portugal, S.A. (EDP), endorsed the United Nations Sustainable Development Goals in September 2015 and committed to act to ensure its successful implementation. In developing its commitment, the EDP Group will directly contribute to transform the way energy is produced, distributed and consumed ([https://www.edp.com/sites/default/files/portal.com/documents/declaracao\\_edp\\_ods\\_en.pdf](https://www.edp.com/sites/default/files/portal.com/documents/declaracao_edp_ods_en.pdf)).

Through its Social Investment Policy EDP establishes the objectives and strategies that guide the programs and activities of social responsibility of the company. In this context, energy inclusion and access to energy are defined as a priority for the company's social investment (<https://www.edp.com/en/social-investmentpolicy>).

Energy and in particular electricity continue to play a crucial role in linking economic development and reducing inequality. Therefore, EDP pursue the clear goal of putting energy at the service of more sustainable ways of life and for more than a decade has been investing heavily in renewable energies, efficiency and innovation.

At EDP, Sustainable Development is incorporated into its strategy, with clear, demanding Sustainability objectives for the future. EDP is one of the most sustainable companies in the world, having its sustainability performance evaluated by an important group of sustainability indexes, namely DJSI - RobecoSAM, VIGEO, Sustainalytics, FTSE Russel, CDP, ISS-Oekom, MSCI and Ethisphere Institute. In this context EDP has been evaluated in relation its environmental, social, ethical, human rights, corruption and diversity practices and impacts, among other issues. Further information is available on the EDP website (<https://www.edp.com/en/sustainability/economic-dimension/sustainable-investment/sustainability-indexes>).

Additionally, the socially responsible investment (SRI) market is growing very rapidly. The growth of SRI is closely associated with the creation and evolution of sustainability indexes, due to the importance attributed to the integration of economic, environmental, social and governance (ESG) factors in the investment decisions and their positive correlation with the cost of capital and financial performance. Currently there are more than 300 sustainability indexes relating to stocks and bonds and companies are evaluated according to their sustainability performance and not only financially.

According with the results of the analysis prepared for EDP by Nasdaq in December 2018, the SRI investors held 147.031.881 shares, correspond to 4% of EDP social capital.



Within the framework of its Social Investment Policy, EDP created the AE2 CSR Fund Program (the “Program”), which main objective is to contribute to alleviate energy poverty by supporting sustainable and clean energy projects in remote rural areas.

These projects, based on sustainable renewable energy solutions, will contribute to the social, economic and environmental development of the rural communities in developing countries measured by its value to Sustainable Development Goals indicators.

The present regulation defines the rules of the Program for the period 2019/2020.

## **2. Endowment**

The Program will have an endowment of € 500,000 for the period 2019/2020.

## **3. Areas of activity**

The areas of activity of the Program, framed within the purposes of EDP, are:

- Education: e.g. electricity for lighting, computers and internet services.
- Health: e.g. energy for lighting of facilities, laboratories, diagnostic equipment and refrigeration of vaccines.
- Water and Agriculture: e.g. electricity for boreholes, water pumping and crop irrigation.
- Business: e.g. energy supply of small business initiatives and supply of electricity for machinery and equipment.
- Community: e.g. electrification of households, community centers and public lighting.

## **4. Project's Financial contribution**

Submitted projects may have any financial value.

Notwithstanding the above, EDP's contribution for each individual project shall not exceed 75% of its total cost from a minimum of €25,000 to a maximum of € 100,000.

For total costs calculation, in kind contributions can be recognized as expenses.

Voluntary work is accepted but will not be considered as co-financing.

## **5. Selection of Projects**

Projects shall be selected through calls for proposals organized by EDP.



For the period 2019/2020, the Call for Proposals will begin on the 17<sup>th</sup> of October 2019.

## **6. Dissemination of calls for proposals**

The Program will be publicized by EDP Group, through its corporate websites and other communications channels.

For the purpose of dissemination of the Program, EDP will also establish communication partnerships with public and private entities such as Energy Agencies, Renewable Energy Associations, Bilateral Agencies, Academia, International Foundations and Development Finance Institutions.

EDP may also make direct communications to entities, groups, organizations or others with which they have a relationship or whose activity they consider especially relevant to the foundational objectives of this funding program.

## **7. Deadline for applications and selection**

The applications must be submitted until 23:59 (GMT), on the 26<sup>th</sup> of November 2019. Applications received after that date will not be considered.

### Selection Phases and timeline:

- Phase 1 – Applications Analysis » November/December
- Phase 2 – Pre-selection I (complementary information) » December/January
- Phase 3 – Pre-selection II (technical visits) *if applicable* » January/February
- Phase 4 – Final Selection & Contracting » February/March

The selected projects will be communicated until the 28<sup>th</sup> of February 2020.

## **8. Interpretation of the Regulation**

This Regulation intends to inform in a transparent manner the basis of the Program, but not collect exhaustively all the casuistry that may occur. Therefore, the interpretation of its content is exclusive competence of EDP.

## **CHAPTER 2 - PROJECT PROMOTERS**

### **1. Eligibility Requirements**



1.1. Project Promoters must fill out an Application Form and an Applicant Statement that describes the applicant and in which they also make an ethical commitment.

1.2. Project Promoters must meet the following requirements:

- a) To be legally incorporated;
- b) To be a private entity, non-profit or for-profit, or a non-governmental organization;
- c) To have at least 2 (two) years of experience;
- d) To have their tax payments in order with the tax administration and their contributions in order with social security, being that these situations must be verified until the time of signing the Collaboration Agreement;
- e) To comply on what it is applicable with the Code of Ethics (<https://www.edp.com/en/edp/about-us/ethics>) and with the Integrity Policy of the EDP Group (<https://www.edp.com/en/edps-integrity-policy-0>);
- f) To demonstrate the credibility and ability to develop the projects with which they apply;
- g) To not have benefit from other EDP support in the same year.

1.3. Failure to comply with any of these requirements will be grounds for inadmissibility of the application.

1.4. Verification of formal requirements of admissibility and eligibility of proposing promoters and projects is carried out by EDP.

1.5. In the case of projects submitted by two or more entities, at least the Project Promoter must meet the above-named eligibility requirements.

1.6. Companies from EDP Group cannot be Project Promoters or Project Partners.

## **2. Criteria of evaluation of the Project Promoters**

The Project Promoters will be evaluated according to the following criteria:

- a) Availability of the appropriate percentage of own resources for the start-up and execution phase of the project;
- b) Have the appropriate level of economic and technical capacity to develop the project;
- c) Availability to start the execution of the project immediately and always within the first 3 (three) months after the signing of the Collaboration Agreement, unless specific licenses are required (see 2.6, Chapter 3);
- d) Have human resources with technical capacity to develop the project;
- e) Experience in similar projects in the requested area.

Criteria such as the following will also be taken into account, when the project promoter:

- Makes the economic and activity report public and facilitates access to it;
- Incorporates transparency and accountability measures;
- Has quality certification or awards received;
- Has references from previous projects with other entities.



## **CHAPTER 3 - PROJECTS**

### **1. Admissibility**

The project's proposal is admissible when:

- a) Is submitted via the official submission system before the call deadline;
- b) Is complete – accompanied by the relevant forms, proposal description and supporting documents specified in the call and in this Regulation;
- c) Is readable, accessible and printable;
- d) Has all fields filled out in English.

### **2. Requirements**

2.1. To be accepted, projects must focus on **access to clean energy**, which are subject to one of the specific areas of activity proposed by EDP:

- Education: e.g. electricity for lighting, computers and internet services.
- Health: e.g. energy for lighting of facilities, laboratories, diagnostic equipment and refrigeration of vaccines.
- Water and Agriculture: e.g. electricity for boreholes, water pumping and crop irrigation.
- Business: e.g. energy supply of small business initiatives and supply of electricity for machinery and equipment.
- Community: e.g. electrification of households, community centers and public lighting.

2.2. Projects submitted by for-profit entities that focus solely on the expansion of its commercial activities are out of the scope of the program.

2.3. For the edition of 2019/2020, the projects must be developed in one of the following African countries: Kenya, Malawi, Mozambique, Nigeria and Tanzania.

2.3. In the event that projects could fit into 2 (two) or more of the proposed areas, the Project Promoters should select the area with greater weight or relevance within the intervention.

2.4. Each entity may only submit one (1) project, either individually or as part of a consortium, regardless of the role it plays in said consortium.

2.5. At the time of submission of proposals, projects cannot yet be started. Projects must begin to be executed within a period not exceeding 3 (three) months from the signing of the Collaboration Agreement. The term of execution of each project may not exceed 12 (twelve) months, notwithstanding the following number.



- 2.6. Projects of greater complexity that require specific licenses to be implemented, must disclose the process of obtaining such licenses and its status. Projects should be licensed ideally within a period not exceeding 3 (three) months from the signing of the Collaboration Agreement, i.e., at the same time of the beginning of its execution.
- 2.7. Projects that comply with these requirements but that are part of broader programs or interventions that already begun and/or that extend beyond 12 (twelve) months can also be presented. However, for such cases, the objectives of the proposals presented, the specific activities, as well as the implementation calendar and the budget, must be defined to clearly distinguish them from the global actions in which they are framed.

### 3. Evaluation

3.1. Submitted projects proposals will be evaluated based on the following criteria:

- a) **Social relevance and impact.** Projects that have potential for a high social impact and/or that cause a true social transformation in the context or territory in which they are executed. When applicable, projects should consider gender integration as an essential part of its life cycle. It will be taken into account that the promoter entity is able to justify this relevance through reliable and external sources of information (social diagnosis, studies, reports, etc.).
- b) **Ability to implement.** The coherence between the objectives of the project and the proposed activities will be analyzed in order to verify that there is a proper alignment. The candidate or the lead organization must be able to implement the project submitted within the timeframe defined in the application.
- c) **Partnerships.** Projects that promote alliances between entities, to generate synergies, especially in reducing operating costs and make best use of resources, both human and material, and maximizing impacts. In this sense, the projects will be valued based on the fact that they have formally assured support partners in the place and area of action to guarantee the success of the project.
- d) **Sustainability.** Projects designed for long-term continuity, covering the environmental, technological, financial and social dimensions, following EDP's contribution.
- e) **Expansion.** Projects that serve as a model, because they are sufficiently structured, and that can be scalable and/or replicated in other territories or contexts.
- f) **Number of beneficiaries.** Projects aimed at a broad and significant group of people, considering the characteristics of the group and the nature of the intervention, or that can create a real and transformative change in the quality of life of the target public.
- g) **Costs/Benefits.** The projects that have consistency between the total cost, the requested support and the expected results.



3.2. Weightings of above criteria are the following:

• Social relevance and impact .....	20
• Ability to implement .....	20
• Partnerships .....	20
• Sustainability .....	20
• Expansion .....	10
• Number of beneficiaries .....	5
• Costs / Benefits .....	5

**Maximum ..... 100**

#### **CHAPTER 4 – ELIGIBLE AND INELIGIBLE EXPENSES**

1. For the purpose of the Program, the following costs are considered eligible expenses:

1.1. Expenses related with investments:

- a) Construction materials (for new or rehabilitation of buildings);
- b) Generation, Distribution and Electric equipment;
- c) Specific equipment (IT, telecommunications, vehicles and other) for the development of the activity, if dully justified;
- d) Other investment expenses directly linked to the project and necessary for its execution.

1.2. Expenses related with execution and development:

- a) Human Resources - Only payments of hired personnel that are directly linked to the project and whose work is necessary for its implementation and execution, either totally or partially, will be admitted, indicating and justifying in this case the percentage of time allocated to the project in an appropriate manner. Salaries and expenses derived from the entity's support personnel are not included;
- b) External services, subcontracts and service contracts of essential professionals for the start-up and execution of the project;
- c) Training expenses and teaching materials;
- d) Promotion of the project (community engagement activities, dissemination, ...);
- e) Other expenses directly linked to the project and necessary for its execution, if dully justified.

2. For the purpose of the Program, the following costs are considered non-eligible expenses:

- a) Travel, accommodation and representation expenses;
- b) Training of the personnel of the entity without direct relation to the project and without adequate justification of its need for the implementation;
- c) Promotional material including advertising or marketing of an institutional nature;



- d) Acquisition of services that are not related to the project;
- e) Expenses and services of the entity's headquarters (rent, water, electricity, telephone, ...);
- f) Purchase of materials and equipment that are not related to the project;
- g) Maintenance and updating of computer equipment and transport vehicles;
- h) Bank charges of any kind;
- i) Insurance and similar products;
- j) Interest on debt, debt service charges and late payment charges;
- k) Provisions for losses or potential future liabilities;
- l) Exchange losses;
- m) Recoverable VAT;
- n) Costs that are covered by other sources;
- o) Fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project;
- p) Excessive or reckless expenditure;
- q) Expenses incurred prior to the project start.

3. EDP can set out other limits to expenses eligibility by means of the applications submission notice.

4. All costs must be substantiated by invoices or equivalent documents.

5. In the calculation of the support, EDP reserves the right not to consider expenses that are (i) not justified or (ii) not essential to the success of the project or expected results.

## **CHAPTER 5 - APPLICATION PROCESS**

1. The project promoter must complete the application form made available in EDP's website (<https://www.edp.com/en/energy-access-fund>).

2. All sections of the form are required to be completed, except when stated "If Applicable". The non-completion of the mandatory data could lead to the dismissal of the application.

3. Applicants when submitting the application form accept completely the EDP rules and conditions regarding the Program.

4. The applicant entity must provide the following documents at the time of submission of the application:

- a) VAT number/legal entity number;
- b) Annual activity report (for the last 2 years);
- c) Applicant statement in alignment with EDP Code of Ethics and Integrity Policy (included in the Application Form);
- d) List of project team, identifying the project coordinator (included in the Application Form);
- e) Certificate of accreditation in the case of entities declared of public utility;





f) In the case of projects submitted by two or more entities, a collaboration agreement is mandatory. The agreement must state the obligations and budget distribution of each party and which entity will sign the Collaboration Agreement in the case of approval of the project and, therefore, becoming the legal representative before EDP.

In addition, the presentation of the following documentation will be valued:

- a) Documents accrediting their experience in collaborating with other entities and documentation justifying their membership in networks and platforms;
- b) Collaboration agreement, in case the project is to be developed through alliances with third parties;
- c) Awards, recognitions, accreditation of elements of transparency and documentation that allow an adequate assessment of the entity and of the candidacy.

5. EDP will analyze the documentation submitted and may request clarifications or additional documentation if deemed necessary for a better assessment of the Project Promoter. The additional information must be sent within 5 (five) business days after EDP's request and preferably in digital format. Additional documentation may include:

- a) Deed of Constitution and Statutes;
- b) List of members of the governing bodies of the entity;
- c) Financial report of the last year and/or external audit report;
- d) Declaration demonstrating that they have no outstanding tax debts to the State or contributions in arrears with the Social Security System;
- e) Accreditation documents and CV of the representative of the entity;
- f) CV's of the project team;
- g) Support documentation to justify the reasonableness of the project's expenses. This documentation may include proforma invoices, contracts, salary tables and any relevant information that justifies the submitted budget and its adaptation to the objectives of the project and the proposed activities;
- h) Additional professional references, that may verify the suitability of the Applicant.

6. Non-provision by the Project Promoter of clarifications, information or documents requested within the 5 (five) business days referred above, implies application withdrawal.

7. The documentation must be presented in Word, Excel or PDF format to avoid reading compatibility problems.

8. EDP, or its representative, reserves the right to conduct visits or meetings and interviews it deems necessary for a better knowledge of the Project Promoter and the project presented.

## **CHAPTER 6 – PROCESS OF EVALUATION AND SELECTION OF PROJECTS**

1. A committee of experts (jury), determined by EDP, will study and evaluate the entities and projects according to the requirements and evaluation criteria listed in this Regulation.



2. The jury will be chaired by a member of EDP it and its composition will be published on EDP website.
3. The results will be made public through the webpage of EDP ( <https://www.edp.com/en> ).
4. Likewise, the results will be communicated to the selected candidates.
5. EDP will not select any projects or not use the whole amount of the annual endowment of the Program if the evaluation of the applications submitted do not meet the requirements of this Regulation or the objectives of the Program.
6. EDP has the right to qualify, accept or reject any and all entities and applications as deemed in the best interest of the Program. EDP is not liable for selection decisions. The applicants will be waiving any right to pursue a cause of action against EDP for damages incurred as a result of the decisions in the selection process.

## **CHAPTER 7 – COLLABORATION AGREEMENT**

1. After the communication of the selected projects, EDP and/or one of its affiliates will sign with the Project Promoters a Collaboration Agreement in which the rights and obligations of each party will be stated.
2. In the case of projects presented in a consortium, by two or more entities, the Collaboration Agreement will be signed with the entity designated as responsible.
3. Apart from other obligations which shall appear in the Collaboration Agreement, it shall ensure that each Project Promoter is obliged, namely, to:
  - a. Execute the project according to the objectives, criteria, planning, costs, etc. of the proposal;
  - b. Ensure the budget control through a system that allows to correctly calculate the project's expenditure and costs allocation;
  - c. Use the funds paid by EDP exclusively for the implementation of the selected project and according to the approved budget;
  - d. Appoint a representative to act as liaison with EDP in the monitoring and execution of the project;
  - e. Make visible in the project documentation the logo and other references of EDP and the Program;
  - f. Immediately inform EDP of any change or modification that could affect the execution of the project and the fulfillment of the established objectives. In the case of substantial modifications with respect to what was initially proposed, it will be necessary to request authorization in writing from EDP, who reserves the right to grant or reject said modification request, as well as to take the appropriate measures.



Substantial changes are considered those that significantly affect the number of beneficiaries or their definition, the area of action, place of intervention, objectives and results of the project, schedule or that involve a deviation between budget items greater than 10%;

g. Report regularly to EDP, according to the criteria established by the same, on the evolution of the project until the moment of its complete execution and, even after this, up to a period of 2 (two) years later;

h. Submit the relevant reports on the dates provided in the Collaboration Agreement and according to the forms provided for that purpose, communicating sufficiently in advance any delay or problem in the presentation of said reports;

i. Grant authorization to EDP, since the signing of the Collaboration Agreement, for the public disclosure of the support and the results obtained after the completion of the project;

j. Comply with the project and the conditions of the Collaboration Agreement, being obliged to return the amounts received, within the terms established by EDP, in case of partial or total non-compliance.

4. The breach by the entity of its obligations or other clauses of the Collaboration Agreement will bring with it, in addition to (i) the loss of the right to receive the corresponding contributions of EDP and (ii) the obligation of returning the amounts already received within the deadline established by EDP, the prohibition to submit projects in the calls of the following five years.

5. In case of non-fulfilment of the duty to refund, EDP is entitled to promote the recovery of the amount due through the available judicial means.

6. EDP undertakes to pay the amount granted in euros, through bank transfer and successive payments. All payments are due up to 60 (sixty) days in compliance with the payment schedule and after the receipt of a supporting document issued by the Project Promoter. This supporting document will be drafted by EDP and aims to confirm the receipt of payments.

The payment schedule will be established in the Collaboration Agreement, where some adjustments can be made according to the specific needs of the selected project, but its initially structured as follows:

a. 40% (forty per cent) at the signing of the Collaboration Agreement. This payment will be made once the Collaboration Agreement and the payment letter have been processed.

b. 50% (fifty per cent) depending on the degree of progress of the project with respect to the Plan, provided that at least 80% (eighty per cent) of the advanced amount has been executed and once the intermediate execution report has been approved.

c. 10% (ten per cent) at the end of the project, once the final report and corresponding justifications have been approved.



No payments can be made without proving that the situation towards Social Security and the Tax Authority is in order.

## **CHAPTER 8 – WITHDRAWAL**

1. The situations of withdrawal must be promptly communicated, in writing, to EDP.
2. Cases in which the Project Promoter does not respond to EDP's requests within the deadlines set out in the Regulation, are considered a withdrawn.
3. If the withdrawal occurs:
  - (i) during the analysis, evaluation and selection phase, the application is excluded from the list of selected applications.
  - (ii) after the signing of the Collaboration Agreement, it constitutes a breach of contract, with its consequences.

## **CHAPTER 9 – MONITORING AND CLOSURE OF THE PROJECT**

During the pre-selection phase, EDP is entitled to make preliminary site visits to verify the conditions that may withdraw the project from this phase.

During the development of the project, EDP will carry out the its supervision, control and monitoring in the terms it deems necessary for its best execution, reviewing for this purpose the expenses, invoices and other documentation.

The closing of the project must be approved by EDP.

## **CHAPTER 10 – CONFIDENTIALITY**

1. Except in matters of public knowledge, EDP guarantees the confidentiality of the procedures and the received documentation.
2. The information requested in the application form is mandatory, unless otherwise indicated. Therefore, it is understood the authorization by the applicant to EDP to treat the information for the purposes indicated.



3. EDP will publicly announce the final results of the Program in the media.

## **CHAPTER 11 – PERSONAL DATA**

1. The Project Promoters, for the purposes of complying with chapter 3 in the present regulation, if within the scope of the projects development have to collect and process personal data, undertake to comply with General Regulation on Data Protection (EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016), namely to provide the data subjects with the information contained in Article 13 of the Regulation, to collect their consent and to maintain the evidence as well as to ensure the exercise of their rights.
2. The Project Promoters undertake to provide EDP, upon request within a period not exceeding five (5) business days, evidence of the consent given by the data subject so that EDP can ensure compliance with a legal obligation or respond to a request any legal authority in this regard.
3. Without prejudice to the foregoing, the execution of this Regulation, as well as the formalization of the Collaboration Agreement also presupposes, for the duration of the Program, the treatment by EDP of personal data - personal identification data and personal contact data of the coordinators and interlocutors of the Project.
4. EDP undertakes to comply with and enforce the applicable legal and regulatory rules regarding privacy and protection of personal data as long as this Program is in force.
5. EDP will only be able to process the personal data to the extent necessary for the provision of the services committing not to treat the data for different purposes.
6. EDP ensures that only employees under its authority who are required to perform the contract will have access to personal data.
7. EDP undertakes to apply appropriate technical and organizational measures to protect personal data against accidental, unlawful destruction, accidental loss, unauthorized alteration, dissemination or access and any other form of unlawful with a level of security appropriate to the risks that the treatment entails for the data subjects, taking into account the most advanced techniques, the costs of application and the nature, scope, context and purpose of the treatment, and the risks of probability and variable gravity for the rights and freedoms of natural persons.



## **CHAPTER 12 – FINAL PROVISIONS**

1. Further information related with the Program may be requested by e-mail to the following address:  
[g2e@edpr.com](mailto:g2e@edpr.com)
2. This Regulation applies to the calls opened on the 17<sup>th</sup> of October 2019.
3. This Regulation shall be governed by the laws of Portugal.