



Assessment Report on the Potential
Impacts of Respecting Human and
Labour Rights
2018



edp



We love energy.

Energy moves us, unites us, and brings us closer to the world.

We love this energy, the universal language, which comes in all shapes and colors.

Which impels us, motivates us, and challenges us in this story of sharing and of victories.

Which is from the sun, the water, the wind, and the people.

Which transforms, reinvents and creates an increasingly clean, sustainable, and efficient future.

A contagious energy that encourages us to explore, to amaze, and to innovate in a world in constant change.

This is the energy we love.

WE LOVE ENERGY





SCOPE OF THE REPORT

This report is in line with the reports on respect for Human Rights and Labour Practices, which have been published since 2015 in accordance with the Ruggie Principles adopted by the Human Rights Council of the United Nations Organization (UNO).

This report tracks down the progress on the most relevant issues and outlines the Company's approach for the future.

It includes all Business Units and Companies of the EDP Group, subsidiaries and partnerships over which the EDP Group has management control and all its employees and officers, as well as its suppliers.





**WE
LOVE
HUMANITY**

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01 EDP

1.1

EDP COMMITMENTS ON HUMAN AND LABOUR RIGHTS

May 2017 - In line with the principles of Human Rights in the Code of Ethics and in applying the guiding principles for companies, of the UN Human Rights Council, EDP has made 11 commitments.

- Act in full compliance with the laws and regulations of the regions where the Company operates, with integrity and good governance, by promoting respect for human rights and decent work practices within its sphere of influence and value chain, including its employees, partners, suppliers, and customers.
- Respect the Universal Declaration of Human Rights, the International Labour Organisation Conventions, the United Nations Global Compact and the Guiding Principles for Companies – Ruggie Framework.
- Combat arbitrary detention, torture or execution, and to uphold freedom of conscience, religion, organization, association, opinion, expression, and the right to privacy and property.
- Not employ child or forced labour, nor tolerate such practices by any third party with which EDP has a relationship.
- Respect freedom of trade union association and recognize the right to collective bargaining.
- Guide labour policies and procedures so as to prevent unjustified discrimination or differential treatment based on ethnic or social origin, gender, sexual orientation, age, creed, marital status, disability, political orientation, opinion, birthplace, or trade union membership.
- Prioritize the safety, health and well-being of employees, and to endure the creation of adequate occupational health and safety administration systems.
- Respect, promote and ensure decent work conditions, and to condemn any acts of psychological violence or moral coercion.
- Provide employees, partners and the entire value chain (suppliers and customers) with regular information and training on Human Rights and Labour Practices.
- Maintain a close relationship with local communities in the regions where the Company operates, engaging in regular, open and honest dialogue, seeking to meet their needs, respecting their cultural integrity, seeking to contribute to improving the living conditions of local populations, and recognizing the rights of ethnic minorities and indigenous peoples.
- Respect precautionary principles when the Company's activities may result in serious and irreversible damage to human life or health or to the environment, even if such damage is uncertain and only scientifically plausible, by taking measures to prevent or mitigate such effects.

EDP has also made a public commitment to maintain a Human and Labour Rights Monitoring Programme to identify risks and actions in order to avoid, minimize or repair possible negative impacts resulting from its businesses and its activities.

More detail on EDP's approach and respect for Human Rights at: www.edp.com> sustainability> social dimension> human rights.

1.2

RECOGNITION OF THE TRANSPARENCY OF OUR OPERATIONS

In 2018, the EDP Group was recognized, for the seventh consecutive year, as one of the most ethical Companies in the world. The Ethisphere Institute's 2018 ranking of the World's Most Ethical Companies listed 135 Companies from 23 countries, with the EDP Group being one of only six representatives from the energy and utilities sectors.







In the 2018 RobecoSAM corporate sustainability assessment process, EDP was ranked Best-in-Class in the area of human rights for utilities.

Finally, in 2018, EDP was 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.

02 STRATEGY AND APPROACH

2.1 2020 GOALS

The sustainability goals and targets presented in the table below reflect the expectations of the EDP Group regarding all those we associate with in the regions where we operate, following the Ruggie Guidelines adopted by the Human Rights Council of the United Nations (UN).

STRATEGIC AXIS	INDICATOR		2020 GOAL	
ENHANCE TRUST	<ul style="list-style-type: none"> To keep EDP recognized as one of the most ethical companies in the World 	<ul style="list-style-type: none"> Protect Human Rights in the supply chain 	<ul style="list-style-type: none"> Step 4 - Plans for improvement in relevant cases; adjustment of purchasing policies 	 
	<ul style="list-style-type: none"> Assess and audit suppliers 	<ul style="list-style-type: none"> Critical suppliers assessed by ESG criteria Service providers with audited ESG risks 	<ul style="list-style-type: none"> 100% 100% 	
DEVELOP OUR PEOPLE	<ul style="list-style-type: none"> Promote increased diversity 	<ul style="list-style-type: none"> Female employees 	<ul style="list-style-type: none"> 27% 	 
	<ul style="list-style-type: none"> Achieve 100% OHS certification (including suppliers exposed to high risks) 	<ul style="list-style-type: none"> OHSAS 18001 Suppliers exposed to certified OHS high risks 	<ul style="list-style-type: none"> 100% 100% 	
IMPROVE ENVIRONMENTAL PERFORMANCE	<ul style="list-style-type: none"> Achieve 100% environmental certification of the Group's operational activities (including suppliers exposed to high risks) 	<ul style="list-style-type: none"> Suppliers exposed to certified environmental high risks 	<ul style="list-style-type: none"> 100% 	 

2.2

MONITORING OF PROGRESS¹

In order to ensure compliance with the above-mentioned commitments, the EDP Group adopts adequate monitoring measures in all its Business Units and new projects or undertakings, including mergers and takeovers, as well as with regard to partners and the entire value chain – suppliers, service providers, joint ventures, agents, and customers.

This monitoring process is aimed at verifying effective practices, assessing the degree of compliance with the principles and commitments assumed, particularly of the groups identified as most vulnerable, identifying the potential risks, developing the actions necessary to prevent and manage these and, if unavoidable, develop the necessary mitigation initiatives or promote their remediation and repair.

Part of this monitoring process are:

- The reporting of progress in implementing the Global Compact principles included in the GRI table and available in the company's sustainability report. This report is available at: www.edp.com > sustainability> publications> reports;
- The assessment of the Company's ethical performance, culminating in an annual report entirely devoted to this matter, where the most important ethics-related initiatives are described and the Group's ethics complaints are assessed. The report of the Ethics Ombudsman can be found at: www.edp.com> edp> ethics;
- the systematic evaluation and analysis of the suppliers' risk levels, culminating in the preparation of the content presented in the Annual Sustainability Report. This report is available at: www.edp.com > sustainability> publications> reports;
- Suppliers' selection and performance evaluation process. Details of the information related to the management of the relationship with suppliers can be found at: www.edp.com> suppliers> sustainable procurement> risk management in the supply chain> risk analysis;
- the self-declaration of business representatives and activities carried out in all geographical areas, in accordance with the Ruggie Principles, adopted by the Human Rights Council, under the UN "Protect, Respect and Remedy" Framework – Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework"². The results of the analysis of the aforementioned self-declarations are presented in this report and were based on a monitoring questionnaire focusing on respect for Human and Labour Rights.

¹ Due diligence process

² www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

2.3

HUMAN RIGHTS MONITORING PROGRAMME OF RESPECT FOR HUMAN RIGHTS – SUMMARY OF THE WORK CARRIED OUT IN 2018

In 2018, as in previous years, the process of assessing respect for Human Rights within the EDP Group was based on the Human Rights Monitoring Programme launched by the Sustainability and Internal Audit/Compliance Departments.

It was based on an assessment questionnaire focusing on respect for human rights and labour practices with regard to:

- Procedures;
- The following topics: respect for human dignity and rights and rejection of any form of forced or child labour, persecution, discrimination, abuse, or other kinds of physical and psychological violence; compliance with occupational safety, hygiene and health requirements;
- The following stakeholders: employees; suppliers; customers, communities, partners resulting from new projects and mergers & acquisitions.

Attached is the questionnaire sent to company representatives of the EDP Group's consolidation perimeter.

03 PERFORMANCE

3.1 ANALYSIS OF RESPONSES IN 2018

PROCEDURES

With regard to procedures, the representatives of the various companies within the EDP Group stated that it is necessary to improve communication (reporting channels) by investing in training and Human Rights programme development, improvements in management systems and implementation of internal standards.

ISSUES

The topics covered focused on both employee and supplier practices, which were examined and settled by the EDP Group Ethics Committee and, when applicable, by the Ethics Committees of the subsidiary companies (EDP Brasil and EDP Renováveis). The Corporate Governance and Sustainability Committee is responsible for supervising these assessments.

The reported cases focused on the following topics by stakeholder group:

EMPLOYEES <ul style="list-style-type: none">▪ Verbal harassment (# 4)▪ Excessive overtime hours (# 4)▪ Excessive continuous work hours (# 1)▪ Violation of the right to weekly rest/vacation (#1)	SUPPLIERS <ul style="list-style-type: none">▪ Excessive overtime hours (#460)▪ Labour claims (salary arrears and salary below legal minimum) (#258)▪ Excessive continuous work hours (#202)▪ Violation of the right to weekly rest/va-cation (#41)▪ Use of child labour (#1)▪ Occupational accident (#1)▪ Use of non-contract workers (#1)	LOCAL COMMUNITIES <p>No incidents of human rights violations were identified</p>
CUSTOMERS <ul style="list-style-type: none">▪ Power Cuts (#61)▪ Personal data breach/privacy (#3)	NEW PROJETS, MERGERS & ACQUISITIONS <p>No occurrences were identified</p>	

3.1.1 CORRECTIVE ACTIONS

CORRECTIVE ACTIONS DETERMINED BY INTERNAL CONTROL SYSTEMS

Employees

The reported cases are at the resolution stage. They are expected to be closed during 2019.

Suppliers

With respect to cases involving salary payment arrears, 3 were already resolved in 2018. During 2019, the remaining cases of wage claims still being resolved are expected to close.

The same happened with respect to the identified case of use of child labour: the case was resolved.

During 2019, it is expected to close the remaining cases still being resolved.

Customers

The cuts which occurred were mostly due to incorrect internal management. To minimize these occurrences, operator training has been strengthened.

Regarding the identified cases of breach of privacy data, one was resolved and two are still in the resolution stage.

Indigenous communities

The activities most exposed to possible impacts on Human and Employment Rights are those related to the construction of infrastructures that can have an impact on the placement of indigenous people and populations. This issue is particularly important in Brazil, where in 2018, the company continued to have to refer to the case in Brazil of the São Manoel Energy Company (EESM - a company formed by the shareholders EDP Brazil S.A., Furnas Centrais Eléctricas and China Three Gorges Corporation) and its commercial aim, the construction and operation of the São Manoel Hydroelectric Power Plant on the Teles Pires river, located between the states of Mato Grosso and Pará. The impacted indigenous communities were the Kayabi, the Munduruku and the Apiaká.

The Installation licence (LI- start of Works) was issued in July 2014 by the Brazilian Institute for Environmental Affairs and Renewable Natural Resources (Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis - IBAMA), under which EESM was authorized to start the construction works, to create a reservoir of 63.96 km². Obtaining the Operation License (LO - Reservoir Filling and Commercial Operation of the Plant), which authorizes the Company to operate the São Manoel Hydroelectric Power Plant, took place in November 2017. The start of the commercial operation of the four units took place during 2018.

The EESM is a party in 3 Public Civil Actions (ACP) introduced by the Federal Public Prosecutor's Office (MPF), alleging irregularities in the environmental licensing for the construction of the San Manoel Hydroelectric Plant, such as non-compliance with the indigenous component constraints, in particular the fundamental rights of Indigenous and Tribal Peoples in accordance with ILO Convention No. 169. The actions are being investigated.

More recently, in December 2018, a new public civil action was filed by the Federal Public Ministry at the 1st Federal Court of Cuiabá against IBAMA and EESM, alleging that the operating license could not have been issued because of the alleged noncompliance with the constraints of the Preliminary Licence and, subsequently, of the Installation Licence, regarding the right of the Kayabi, Apiaká and Munduruku indigenous tribes to be previously consulted on the mitigating and compensatory measures that were implemented, requiring their effective participation.

At the current stage of the case, EDP understands that the possibility of suspending the installation operation is remote.

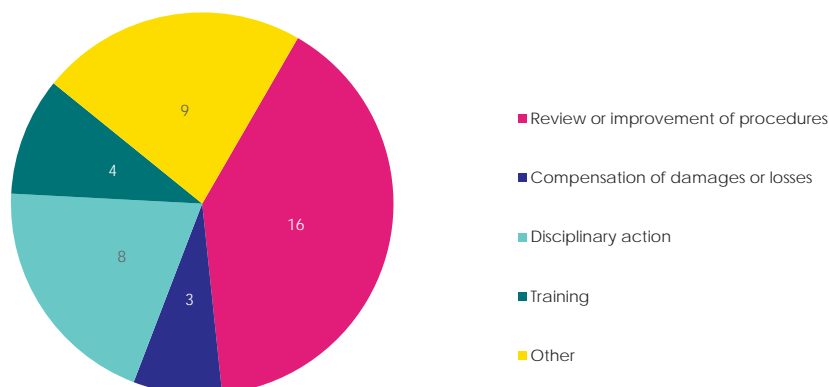
However, it should be noted that:

- EESM carried out a wide-ranging discussion on the construction of the undertaking with the indigenous peoples of the area covered by the power plant, duly registered in the licensing process. For each stage of the environmental licensing process specific forums were held, namely:
 - i. Preparation of Studies of the Indigenous Component and the holding of Public Hearings in the discussion phase of the Environmental Viability of the power plant;
 - ii. Preparation of the Basic Indigenous Environmental Design (PBAI) in the Authorization phase for the start of the works, where the environmental programmes were drawn up with the participation of the indigenous people; and
 - iii. Both studies/projects were monitored and approved by the National Foundation for the Indian (FUNAI). All of these forums led the FUNAI to issue a statement to IBAMA with a favourable position regarding the issuing of the Prior Environmental Licence (Environmental Feasibility), Installation Licence and Operational Licence.
- There was no flooding of indigenous lands and all rural properties affected by the formation of the reservoir were duly compensated. The São Manoel Hydroelectric Power Plant, and its reservoir, do not directly affect any indigenous territory, and it is about 1,500 metres distant from the beginning of the indigenous territory and 16 kilometres from the nearest village. All of the impacts are of an indirect nature and, consequently, the mitigating measures established in the Indigenous Environmental Project are compensatory in nature (construction of schools and donations of scholarships, construction of health posts, telephone towers and Internet signals; donation of agricultural tractors, vans, trucks, buses, boats, outboard motor, etc.) and show no correlation between possible impacts caused by hydroelectric power plants.
- The construction of the São Manoel Hydroelectric Power Plant did not affect any place considered as sacred by the indigenous peoples. The EESM has always maintained constant dialogue with the indigenous communities in the surrounding area of the undertaking, before, during and after the construction of the plant. The compensatory measures agreed with the surrounding indigenous communities are being fulfilled according to timetables agreed with the indigenous people.
- The rapids known as “Sete Quedas” were flooded by the reservoir of the Teles Pires Hydroelectric Power Plant, upstream of the São Manoel Hydroelectric Power Plant. The São Manoel Hydroelectric Power Plant is 40 km from the site where the Sete Quedas rapids existed, and did not cause any interference to this or any other place considered as sacred by the indigenous peoples. On the banks of these rapids indigenous funerary urns were found during the archaeological prospecting works for the Teles Pires Hydroelectric Power Plant. These urns and other archaeological remains were recovered and deposited in a museum designated by the National Historical and Artistic Heritage Institute (IPHAN) in the city of Alta Floresta, while waiting for the indigenous people to define the location of the building that will permanently house them. The commitment to restore and construct the place to store these urns is the responsibility of the concessionaire of the Teles Pires Hydroelectric Power Plant.

CORRECTIVE ACTIONS DETERMINED BY THE ETHICS COMMITTEE

The complaints submitted to the Ethics Committee which determined corrective measures can be classified as follows:

ACTIONS DETERMINED BY THE THICS COMMITTEE (#)



There is a strong commitment by the EDP Group regarding the dissemination and promotion of compliance with the Code of Ethics, which includes a chapter on Human Rights.

In line with this conviction, and placing ethics as a central and fundamental element of its organizational culture, in 2005 EDP's Executive Board of Directors approved the Code of Ethics of the EDP Group, and a nominative share distribution was made to all employees in February 2006, being available in Portuguese, Spanish and English.

"The value created by the EDP Group is also largely determined by the performance of its suppliers. We are connected! Our success is also the success of all those with whom we directly or indirectly work and share risks, which we must jointly identify and manage."

António Martins da Costa, Member of the EDP EBD, responsible for Sustainability

EDP has an EDP Supplier Code of Conduct, which is operationalized by the "Supply Chain Sustainability Protocol" and is based on strategic objectives defined up to the year 2020, presented in section 4 of this document.

Likewise, the main contents of these documents, as well as the existence and functioning of the Ethics Channel, are also explained in the Welcome Presentation, organized every year for the newly hired staff of the EDP Group. This information is published on the company's Intranet and website.

After providing ethics training to all Group employees in 2015, it was deemed necessary to extend such training to the entire supply chain, in order to: promote behaviour in accordance with the EDP Group's ethical principles and commitments; minimize the risk of bad ethical practices, in particular those that may result in defaults or reputational damage to the Group; present the Code of Ethics, the EDP Supplier Code of Conduct, and the EDP ethics reporting channel.

The project began in 2016, with the definition of its framework and architecture and the launch of a pilot. In 2017 all the customised versions were developed, all the trainers were trained and the first versions were launched, covering 270 trainees in the online format and 550 in the on-site format, with a total training workload of approximately 1,000 hours. In 2018, training was extended to the numerous partnerships involving EDP, to nowadays form part of the normally mandatory commitments, for all those who work with the Group, with training having been given, since the beginning of the project (December 2016), to 78% of the approximately 400 identified suppliers who act on behalf of the company or who work on its premises and who are seen by customers and by the different stakeholders with whom they interact, as part of the "extended company".

In 2018, with regard to the various topics involving ethics, 35 training actions were held, corresponding to 5,379 hours and 6,500 trainees.

3.1.2 COMPLIANCE

Integrity in procurement, customer and supplier relations, information management and security, the fight against corruption and bribery, and respect for Human Rights are important focus points of analysis, monitoring and management in the EDP Group. They are supported by a set of information sources, such as: consultancy and internal and external audit; complaints analysis; survey results; feedback gathered in training; multidisciplinary working groups. Due to the complexity and dynamics of these issues, our policies and procedures are subject to continuous improvements and additional controls under the current Internal Control over Financial Reporting (ICFR). In order to complement this mechanism, we may highlight the holding of Due Diligence Integrity activities for third parties in EDP Brasil, involving a total of 1,408 third parties analyzed during 2018.

3.2

CONCLUSIONS

In 2018, the due diligence process conducted within all EDP Group companies and suppliers did not identify any Human Rights violation. However, it is recommended to maintain the 2020 goal - to protect Human Rights in the supply chain - implementing the fourth stage of the Plan³.

³ The Plan comprises 4 stages: 1st Stage - Impact study; 2nd Stage - EDP Supplier Code of Conduct; 3rd Stage - Assessment of suppliers from a Human Rights perspective; 4th Stage - Improvement plans for relevant cases; adjustment of procurement policies.

04 ANNEXS

EDP GROUP 2018 HUMAN AND LABOUR RIGHTS MONITORING QUESTIONNAIRE

DESCRIPTION

PUBLIC UNDERTAKING: www.edp.com> sustainability> social dimension> human rights

EDP has made a public commitment to respect Human and Labour Rights, taking as its reference international standards (Ruggie Framework) and internal norms (Code of Ethics).

Commitment is systematized in the following steps:

- Statement of commitment: see previous link;
- Impact assessment: due diligence; ethical process; supplier screening process (selection, assessment, audits);
- Integration in the company: e.g. training, visits;
- Monitoring of measures: existing instruments;
- Reporting of measures: reporting instruments such as reports;
- Complaint procedures: channels for reporting and complaint.

PROCESS

In the ongoing process, the business units have procedures and mechanisms to identify, prevent and mitigate adverse impacts on the respect for Human and Labour Rights that the company may cause and contribute to through the carrying out of its activities and operations and/or in its professional relationship with third parties (business development/new projects, supply chain, customers and communities). In cases of the occurrence of disrespect for Human and Labour Rights, the companies implement measures to resolve violations that have taken place and thus strengthen the guarantees of respect for Human Rights. Where necessary, they should make proposals for improving procedures.

GOAL OF THE QUESTIONNAIRE

Obtain a self-declaration from the representatives of companies and activities carried out in all geographical areas that have fulfilled the steps mentioned earlier in the "process" box.

GENERAL

Business Unit Identification:
Person answering the questionnaire:

A – PROCEDURES

PROCEDURES

DO THE IMPLEMENTED PROCEDURES NEED IMPROVEMENT?

NO

YES

Computerized management systems
Internal standards
Risk assessment and management
Audits
Complaint and reporting channels
Training
Other

PROPOSALS OF IMPROVEMENT:

B – EMPLOYEES

Have any occurrences been reported in 2018 in any of these domains?

B - EMPLOYEES (INCLUDING SUBSIDIARY COMPANY EMPLOYEES)

OCCURRENCES OF DISRESPECT REGARDING:

YES

NO

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 labour
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 labour situation
Use of illegal workers
Use of non-contract workers
Inadequate conditions for posted workers
Breach of personal data
Gender discrimination in salaries and duties
Racial/ethnic discrimination
Sexual harassment
Verbal harassment
Physical violence

Other

EXPLANATION OF OCCURENCES:

No. OF CASES

RESOLUTION STATE

C – SUPPLIERS

Have any occurrences been reported in 2018 in any of these domains?

C - SUPPLIERS WORKING WITH EDP (EDP FACILITIES, EQUIPMENT, CUSTOMERS)		
OCCURRENCES OF DISRESPECT REGARDING:	YES	NO
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 labour		
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 labour situation		
Use of illegal workers		
Use of non-contract workers		
Inadequate conditions for posted workers		
Breach of personal data		
Gender discrimination in wages and duties		
Racial/ethnic discrimination		
Sexual harassment		
Verbal harassment and/or blackmail		
Physical violence		
Others		
EXPLANATION OF OCCURENCES:	No. OF CASES	RESOLUTION STATE

D – CUSTOMERS

Have any occurrences been reported in 2018 in any of these domains?

D - CUSTOMERS		
OCCURRENCES OF DISRESPECT REGARDING:	YES	NO
Unjustified power cuts		
Power cuts involving chronic, electricity-dependent patients		
Violation of personal data/privacy		
Violation of private property		
Physical violence		
Others		
EXPLANATION OF OCCURENCES:	No. OF CASES	RESOLUTION STATE

E – LOCAL COMMUNITIES

Have any occurrences been reported in 2018 in any of these domains?

E - LOCAL COMMUNITIES (INCLUDING INDIGENOUS PEOPLES)		
OCCURRENCES OF DISRESPECT REGARDING:	YES	NO
Customs and routines of local communities		
Usurpation of private property		
Non-restitution of rights		
Physical violence		
Others		
EXPLANATION OF OCCURENCES:	No. OF CASES	RESOLUTION STATE

F – BUSINESS DEVELOPMENT ACTIVITIES AND INVESTMENT PROJECTS

Have any occurrences been reported in 2018 in any of these domains?

F - BUSINESS DEVELOPMENT ACTIVITIES AND INVESTMENT PROJECTS		
OCCURRENCES OF DISRESPECT REGARDING:	YES	NO
In accordance with the Compliance Guidelines of the EDP Group.		
Implementation of Due Diligence activities process ¹		
EXPLANATION OF OCCURENCES:	No. OF CASES	RESOLUTION STATE

¹ In terms of human and labour rights





Edition

EDP – Energias de Portugal, S.A.
Direcção de Marca
Av. 24 de Julho, 12
1249-300 Lisboa

Concept

HAVAS Design Portugal, Lda.

Pagination

EDP - Energias de Portugal

April 2019

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