



Code of Ethics Regulations

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EDP Code of Ethics Regulations

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Written by: **DSE – Department of Sustainability and the Environment**

Approved by:

EDP Energias de Portugal, SA

DSE – Department of Sustainability and the Environment

Code of Ethics Regulations

1. Object and scope of regulations

These regulations have been adopted by the General and Supervisory Board (GSB) and the Executive Board of Directors (EBD) of EDP – Energias de Portugal SA (EDP or the Company) with a view to the application within the Group of the EDP Code of Ethics (Code or Code of Ethics), particularly with regard to the receipt, registration and processing of information and reports received by the Company about violations of the Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability.

These regulations have the same scope as the Code of Ethics, the application of which they regulate.

These regulations also establish the procedures for articulation of the relevant bodies on matters of corporate ethics, the General and Supervisory Board, the EDP Group Corporate Centre and the companies in the Group, including Fundação EDP.

2. Functions and responsibilities

Correct, full application of the Code of Ethics and these Regulations is the responsibility of all employees, including the members of the managing bodies of the Group and Fundação EDP, whose conduct must be guided by their principles and values at all times.

Nonetheless, the following specific functions and responsibilities are hereby defined:

2.1. Pursuant to its internal regulations and with regard to corporate ethics, the Corporate Governance and Sustainability Committee of the General and Supervisory Board is responsible for:

- monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries;
- appointing the EDP Group's Ethics Committee and Ethics Ombudsman, considering the provisions of subparagraph 2.2;
- approving the internal regulations of the Group's Ethics Committee.

2.2. The Group's Ethics Committee is responsible for:

- drafting its internal regulations and submitting them to the Corporate Governance and Sustainability Committee;

- proposing corporate ethics instruments, policies, goals and targets to the General and Supervisory Board;
- issuing opinions, when requested to do so by any of the Company's managing bodies, on practices or codes of conduct in the fields of ethics or deontology within the framework of specific, legal or regulatory needs;
- analysing reported violations of the Code of Ethics, deciding on their relevance and admissibility and, if admissible, deciding on and monitoring subsequent corrective action;
- being informed of and appreciating decisions submitted to it by the Ethics Committee of Energias do Brasil and the competent structures of HC Energía, EDP Renováveis and EDP Gás, as set out in 3.3;
- drafting quarterly reports on the organisation's performance in terms of compliance with the Code of Ethics;
- conducting an annual review of the suitability to the EDP Group's needs of the Code of Ethics and its procedures.

The Ethics Committee shall be made up of one member of the Executive Board of Directors, who shall preside, and four other members, one of whom is the Director of the Environment and Sustainability Department of the EDP Group holding company, who shall act as secretary.

The names of the Ethics Committee members shall be published within and outside the Group.

2.3. The Ethics Ombudsman is responsible for:

- receiving reports and preparing and documenting cases and submitting them to the Ethics Committee;
- monitoring each violation case that they have prepared until its conclusion and liaising with the complainant whenever necessary and appropriate.

The Ethics Ombudsman is nominated by the Chairperson of the Ethics Committee and appointed for four-year terms.

Each Group company will indicate to the EDP Ethics Ombudsman the name of contact person for passing on information, as set out in the Code of Ethics and these regulations.

A list containing the name of the Group's Ethics Ombudsman and the names and personal contact details of the heads of the competent structures in the companies referred to in 2.2 shall be permanently available and accessible to all stakeholders via the Group's usual communication channels.

2.4. The Environment and Sustainability Department (DSA) is responsible for:

- acting as the technical secretariat of the Ethics Committee assisting it in its work, particularly in the regulation, periodic revision and supervision of compliance with the Code of Ethics, reports on the system's performance and identification of corrective action in the event of a violation;



- ensuring the continuing compliance of the management system in terms of ethics with the requirements set out in the internal control system.

3. Procedures

3.1. Reporting violations of the Code of Ethics

Reports of alleged violations of the Code of Ethics coming from employees, suppliers or customers must be submitted in writing by letter, fax or e-mail to the Ethics Ombudsman or the heads of the competent structures in the companies referred to in 2.2. Reports must indicate the person's name, address and telephone number and contain a detailed description of the situation in question.

Reports of violations of the Code of Ethics from internal or external auditors must be sent directly to the Chairperson of the Ethics Committee together with all pertinent information.

The procedure for reporting and registering reports of violations of the EDP Code of Ethics shall be disseminated via the appropriate channels to employees, customers, suppliers and other stakeholders.

3.2. Legal advice

In each of the geographical areas in which it operates, EDP provides an independent legal advice service to answer queries as to whether certain behaviour, actions or decisions by employees working for it may constitute violations of the Code of Ethics EDP. Employees are encouraged to use this service before reporting any supposed violation.

All employees are informed of the existence of the legal advice service via their communication channels.

3.3 Action

3.3.1 Registering reports

The Secretary of the Ethics Committee shall ensure that a register is kept of all reports received. The register shall indicate the report number and date of receipt^{1,2}.

¹ The format of the registration number shall be **Cxxx/yy**, in which **C** is for case, **xxx** is a sequential case number ordered by date of receipt and **yy** is the last two digits of the year of receipt.

² If there is no computer program for registering reports, the Secretary of the Ethics Committee shall allocate the case number. The ombudsman shall be informed of the number on request so that s/he can document the report.

3.3.2 Notification of the Ethics Committee

The Chairperson of the Ethics Committee must be notified of reports registered and documented by the Ombudsman within two weeks of their registration and be sent the preliminary reports referred to in subparagraph 4.1.

Irrespective of this notification, all reports of violations of the Code of Ethics that may involve irregular accounting or financial practices shall be reported immediately to the General and Supervisory Board's Audit Committee, as set out in its procedures and specific regulations on whistle-blowing procedures.

The Chairperson of the Ethics Committee shall set in motion the necessary measures to confirm the report and may request assistance from departments at the holding company or any others that s/he deems appropriate.

All decisions made by the Ethics Committee of Energias do Brasil shall be sent to the EDP Ethics Ombudsman for submission to the Group Ethics Committee accompanied by the reports on which they were made for information at corporate level.

In the remaining Group companies referred to in 2.2, there will be an ethics whistleblowing channel and report processing and registration procedures will be maintained. These companies shall send to the EDP Ethics Ombudsman:

- Each report in full within one week of its registration;
- Decisions made on each report accompanied by its grounds, for information at corporate level.

3.3.3 Settlement of reports

As a rule, EDP shall take the necessary steps to settle reports in a maximum of six months of the date of receipt.

4. Confirmation, investigation and corrective action

4.1. Initial confirmation

The Ethics Ombudsman shall first confirm the events reported to him/her. This initial confirmation shall be based on the preliminary information (including contacts with the person submitting the report). The factors to be considered include:

- the nature of the report and as detailed and sustained a description as possible of the violation(s) in question;
- the names and positions of the members of the organisation or third parties potentially involved in the situation in question or who may have relevant information about it;
- a preliminary analysis of the possible implications of the events reported, including liability for the Company and the risk of damage to its reputation;
- an analysis of whether the events reported may involve ongoing reprehensible behaviour or whether the problem is liable to recur if no coercive measures are taken.

The Ethics Ombudsman shall submit a preliminary report on the initial confirmations to the Ethics Committee within about two weeks of the registration of the report on the situation in question, describing the situation and all known relevant aspects of it. A preliminary opinion shall also be issued as to the pertinence or classification of the situation as a violation of the Code of Ethics and, in the latter case, the degrees of possible risk.

This preliminary report will not identify the source of the information, which the Ethics Ombudsman shall keep confidential throughout the process, provided that this does not prejudice the success of any investigation or corrective action.

4.2. Investigation and corrective action

The Ethics Committee shall analyse every situation reported and decide as to whether it should be classified as a violation of the Code of Ethics and whether there is any need for a more in-depth investigation to ascertain the implications and persons involved. The Ethics Committee may, for this purpose, use internal auditors or hire external auditors or other resources to assist in the investigation. When conducting an investigation, the Company shall abide by the law and its own in-house rules. The people involved in any alleged violation of the Code of Ethics shall be advised of their right to legal counsel before they make any statements about it to an auditor or investigator.

After investigations have been completed, the Ethics Committee shall decide whether there is any need for corrective and/or disciplinary action and shall inform any Company managing bodies involved or interested. The action decided upon may include changes to work methods, interaction between employees and/or stakeholders, control procedures or Company policies.

4.3. Conflicts of interest

If a report of a violation of the Code of Ethics involves a conflict of interest for the ombudsman receiving it, s/he shall arrange for another ombudsman to deal with it.

In the same way, if the Ethics Committee identifies a possible conflict of interest for any of its members during the investigation, the Chairman of the General and Supervisory Board's Corporate Governance and Sustainability Committee shall be informed and s/he shall appoint an ad hoc member to replace him.

5. Confidentiality and anonymity

All reports of violations of the Code of Ethics shall be treated as confidential and the identity of those making them shall remain a secret to the extent permitted by the Company's need to investigate the report.

Given the Company's commitment to confidentiality and non-retaliation in its Code of Ethics, anonymous accusations against any of its managing bodies will not be considered.



In view of their confidentiality, only the following shall have access to reports of violations of the Code of Ethics:

- the members of the Corporate Governance and Sustainability Committee of the General and Supervisory Board;
- the members of the Ethics Committee;
- the Ethics Ombudsman in charge of documenting the case;
- an employee in the Environment and Sustainability Department appointed to assist the Ethics Committee;
- the members of any audit or inspection teams set up to investigate a reported violation.

Everyone with access to information in the files of reports of violations of the Code of Ethics shall be obliged to respect their confidentiality.

6. Supervision and management review

6.1. Supervision

The General and Supervisory Board, through its Corporate Governance and Sustainability Committee, shall be responsible for supervising the performance of the management system with regard to the principles of legislation, ethics, conduct, human rights, equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability set forth in the EDP Code of Ethics.

For this purpose and without prejudice to the possibility of asking the Executive Board of Directors for information that it considers necessary to perform its duties at any time, the Corporate Governance and Sustainability Committee shall receive from the Ethics Committee quarterly reports on the Company's performance with regard to application of the Code of Ethics and an annual review report drafted by the management.

All documents submitted to the EDP Ethics Committee, including those referred to in 3.3, shall be sent in good time to the Chairperson of the Corporate Governance and Sustainability Committee of the General Supervisory Board.

If s/he sees fit, the Chairperson of the Corporate Governance and Sustainability Committee of the General Supervisory Board may participate in meetings of the Group's Ethics Committee, without any voting rights.

6.2. Management review

The Ethics Committee shall conduct an annual review of the EDP Code of Ethics and these regulations in order to ensure that they are appropriately disseminated and applied and continue to meet their goals of transparency, impartiality, integrity and excellence of management.



Its review report shall be submitted to the Corporate Governance and Sustainability Committee of the General and Supervisory Board for evaluation and approval.

The following indicators, among others, shall be considered in the management's annual review:

- number of alleged violations reported (reports);
- report acceptance rate (number of reports accepted / total number of reports);
- report resolution rate (number of cases closed / number of reports accepted);
- recurrence of violations of the Code of Ethics (measure of efficacy of corrective action);
- employees' perception of consistency of management practices with the values and commitments set out in the Code of Ethics;
- perception of other stakeholders (i.e. important customers, suppliers and institutions) of consistency of management practices with the values and commitments set out in the Code of Ethics.

A summary of the annual review report containing the conclusions of the review and the Company's main ethics performance indicators will be made available on communication channels open to employees and the Company's other stakeholders.

7. Training and awareness of employees and other stakeholders

The EDP Code of Ethics is distributed to all Group employees regardless of the nature of their work contract. It is also available in digital form at EDPonto and on the Group's website.

All EDP Group suppliers are also asked to make a commitment to abide by the principles established in the Code when registering in the supplier qualification system.

The Environment and Sustainability Department, in articulation with the other interested departments, will promote awareness campaigns every year to cover at least 20% of the Group's employees in order to disseminate the Code of Ethics and its regulations in each geographical area in which EDP operates.

In the same way, periodic initiatives will be organised for the Group's main suppliers in the different geographical areas to circulate and reassert the established ethical rules of behaviour.

8. Commitment to the EDP Code of Ethics principles and values

The EDP Code of Ethics lays down principles of action that are either the result of legal obligations incumbent on the Company or every member of the organisation or an assertion of values of ethics and citizenship reflected by management options



that, in the organisational and market setting in which the EDP Group operates, are believed to be those that most foster long-term sustainability of its business and the achievement of excellence.

The EDP Group will also take the necessary action to ensure that all its suppliers have adopted the principles set out in the Code by the end of 2010.