

Energias de Portugal (EDP)

Response received by BHRRRC from Energias de Portugal (EDP) regarding assessment of exposure to and steps taken in response to forced labour issues in XUAR as documented by Sheffield Hallam University, among others, 12 July 2023.

(1) Assessment of exposure

“The risk of forced or child labor occurs in situations, activities and territories that are very well characterized.

EDP closely monitors reports (as the referred one), complaints and news regarding human rights anywhere in the world, using reports from institutions such as the Bureau of International Labor Affairs of the United States government, and specialized platforms such as Reprisk.

Based on this prior identification of risks, concrete measures are taken in the relationship with direct suppliers that operate in the industry value chain.

Please read the following answer.

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(2) Steps taken in response

“EDP acquires equipment previously available on the market, developed by large technological companies.

To act against forced labor, EDP dialogues with its direct suppliers (end-user manufacturers) to establish specific contractual procedures and disclosures, which must be extended to second tier suppliers. EDP already applies traceability contractual rules, including audits, and identifies indirect suppliers, specially the local origin of silicon.

In the international organizations in which EDP participates, EDP defends the creation of an international traceability system.

EDP co-funds the Solar Stewardship Initiative project, which aims to certify solar sector industries in Human Rights. Through the joint initiative of

several companies in the sector, it is possible to leverage the protection of human rights. EDP supports many industry-led initiatives that are tackling human and labor rights risks.

EDP shares its ESG priorities with suppliers in order to assess their performance, analyze their contribution to the EDP Group's goals and identify potential risks.

This information analysis process is complemented by specific ESG and traceability meetings, in which both parties share their strategic priorities, commitments and targets regarding transparency, supply chain management and goal alignment:

1) Decarbonization; 2) Human and Labor Rights; 3) Circular Economy; 4) Health and Safety; and 5) Biodiversity.

In addition, during this phase and during the execution of contracts, the traceability of the supply chain is a key issue to monitor and avoid potential human rights risks.

The Company establishes as one of the main requirements of the agreements to know the supplier's supply chain management and to have a traceability map of the processes that take place upstream in its value chain.

The localization and ownership of the upstream manufacture sites is the key factor in assuring the value chain traceability.

Finally, EDP includes ESG clauses in the contracting phase. These clauses refer to the measures necessary to avoid forced labour and other environmental, social or governance risks within the supply chain.

In addition to ESG audits in the event that a risk situation is identified, during the execution of the contract, the Company requests other information that is essential for its own environmental and social performance, such as environmental information on products or information on health and safety.

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“We don’t source from Xinjiang.”