



EDPR DISCIPLINARY AND SANCTIONING REGIME

Workplace Environmental,
Health and Safety

Version 00 - Mar 2019

Disciplinary and Sanctioning Regime

1. Context	3
2. Purpose.....	3
3. Scope	3
4. Definitions	4
5. Procedure	4
6. Infractions. Classification.	5
6.1 Minor infractions	5
6.1.1 Workplace Health and Safety	5
6.1.2 Environment	5
6.2 Severe Infractions	6
6.2.1 Workplace Health and Safety	6
6.2.2 Environment	7
6.3 Very Serious Infractions	7
6.3.1 Workplace Health and Safety	7
6.3.2 Environment	8
7 Sanctions. Classification.	9
7.1 General Measures.....	9
7.1.1 Sanctions in case of minor infractions.....	9
7.1.2 Sanctions in case of serious infractions.....	9
7.1.3 Sanctions in case of very serious infractions.....	10
7.2 Additional measures	10
7.3 Reserve to take legal action.....	10
8. Deadlines considered when accumulating infractions	10
9. Process	11
9.1 Sanctioning process workflow	11
10. Disciplinary Committee	12

1. Context

Adequate compliance by all suppliers of the EDPR Group with applicable Occupational Health and Safety and the Environment requirements is essential to guarantee the correct performance of the contracted services and works. The EDPR Group bases its relationship with suppliers on trust, collaboration and the creation of shared values, which translates into a joint capacity to innovate, strengthen the sustainability policy and improve the quality of our operations.

EDPR has defined policies and procedures aimed at guaranteeing the various aspects that complete sustainability, as well as managing and mitigating any type of environmental, social, ethical and safety and health risk in the supply chain.

This Disciplinary and Sanctioning Regime for Contractors Companies reinforces the Health and Safety and Environmental requirements already included by EDPR in its supplier Sustainability Guidelines (both in the Construction phase and in Operation and Maintenance).

2. Purpose

The purpose of this document is to define the criteria of the disciplinary and sanctioning regime for Contractor Companies of the EDP Renováveis Group (hereinafter EDPR), derived from breaches of Environmental, Safety and Health requirements and conditions in the Workplace that must be complied with in the contractual relationships between EDPR and the Contractors, in accordance with the applicable legislation as well as the criteria required by EDPR. These include, among others, its Supplier Sustainability Guide in the Construction phase and Operation and Maintenance (O&M) and in its General Conditions of Contract (published in <https://www.edpr.com/en/suppliers/contracting-conditions>).

3. Scope

It is applicable to all workers and companies working in EDPR facilities, both for those who have a direct contract with a company of the EDPR group and, if applicable, its subcontractors (any level of subcontracting). Contractors and subcontractors must, therefore, comply with the legislation in force and with EDPR internal regulations. The main contractor company will be responsible for the breaches of its subcontractors.

Familiarizing yourself with this document and ensuring that it has been correctly understood is a necessary condition for contractors to obtain authorization to begin work on behalf of EDPR. The Contractor is responsible for ensuring that its employees and subcontractors are also familiar with the rules described here, enforcing them at all times.

4. Definitions

Accident: the different definitions of Accident (work related, work related with lost time, work related multiple, serious, very serious or fatal and near-miss) included in the Supplier Sustainability Guidelines (Construction and O&M) of the EDPR Group will be used.

EDPR: All companies of Grupo EDP Renováveis.

Contractor Company or Contractor: A physical or legal person who holds a contractual relationship with EDPR.

Incident: An event that has not caused personal injury or to the environment but which under other circumstances could have resulted in personal or environmental damage.

Disciplinary Sanction: Actions (suspension of contract, termination of the contract and others of a similar nature) that EDPR imposes on a Contractor Company in the event that EDPR, directly or indirectly, detects "Serious" or "Very Serious" infractions of the Workplace Safety, Health and Environment requirements and conditions established by law and/or contractually (including the Sustainability Guidelines and EDPR's General Contracting Conditions).

Economic Sanction: Economic amount that EDPR imposes on a Contractor Company in the event that EDPR, directly or indirectly, detects infractions of a "minor", "serious" or "very serious" nature of the safety, health and environmental requirements and conditions established by law and/or contractually (including the Sustainability Guidelines and EDPR's General Contracting Conditions).

Responsible Unit: EDPR unit that directly manages the activities contracted to collaborating companies based on a contract between EDPR and the Contractor Company (Project Manager as Contract Manager in the construction phase or Installation Manager as Contract Manager in the operation phase and maintenance, respectively).

5. Procedure

Economic or disciplinary sanctions must be decided and imposed in accordance with the criteria established in this Disciplinary and Sanctioning Regime. It must have a constructive function and not exclusively a sanctioning one. Therefore, they should be subject to recurrent study in order to identify training gaps, which should be highlighted and corrected by the corresponding person according to the contract.

Sanctions must meet a criterion of equity and shall be proportional to the detected non-compliance and the affected service and work, so that they may have a sobering effect.

Sanction notifications must be supported by records that identify them (inspections documented in Prosafety, notifications of possible infractions through the Prosafety tool, reports of analysis of incidents or accidents, etc.).

6. Infractions. Classification.

If there is legislation that determines the classification of the severity of infractions in a manner that is different from what is indicated in this document, additional compliance with the provisions of such legislation shall be assured.

Regarding Occupational Health and Safety and Environmental Protection, the following are classified as Minor, Serious and Very Serious Infractions:

6.1 Minor infractions

6.1.1 Workplace Health and Safety

Minor infractions shall include the following:

- Failure to comply with one (1) requirement requiring the loading of Company documentation required for the execution of the contract in EDPR's software tool.
- Access of a worker to the site or facilities without having uploaded the necessary documentation into the EDPR tool or not having approved it.
- Lacking the required personal protective equipment for the work to be performed, using expired PPE or not using it, when the work to be done does not involve working at heights or electrical work (that is, when not considered as high risk).
- Use of inadequate work clothes.
- Lack of housekeeping in the workplace.
- Eating and/or drinking in areas not intended for it.
- Inadequate signage or delimitation of the work area or lack of it.
- Parking of vehicles in unauthorized areas or doing so in a way that could hinder rapid evacuation of the area.
- Use of vehicles, machinery and/or equipment that have not been inspected and maintained in accordance with the legislation or the manufacturer's manual.
- Inadequate storage of chemical products.
- Use of unauthorized chemical products or without the corresponding safety data sheet or available but in a language other than the local one.
- Failure to conduct safety talks and safety walk-throughs, or failure to load them into the EDPR app.
- Failure to previously notify the person responsible for the installation of the entry of visitors to the wind farm.

6.1.2 Environment

Minor infractions shall include the following:

- Failure to make proper use of the waste storage warehouse: failure to maintain the required housekeeping conditions, failure to use the equipment (containers, etc.) in an appropriate manner or failure to properly segregating waste, etc.
- Occupying unauthorized areas for the parking of vehicles and/or machinery, collection of materials, or others.
- Driving outside the designated areas for that purpose.
- Failure to notify EDPR of any wounded or dead animals or of the presence of carrion.

6.2 Severe Infractions

6.2.1 Workplace Health and Safety

Serious infractions shall include the following:

- Failure to comply with two (2) requirements requiring the loading of Company documentation required for the execution of the contract in EDPR's software tool.
- Accumulation of two (2) minor safety and health infractions by the same worker reported to the Contractor firm in the same quarter.
- Accumulation of three (3) minor safety and health infractions by more than one worker reported to the Contractor firm in the same quarter.
- Failure to use collective protection equipment in those jobs that require it (use of barriers in excavations to avoid falls, use of emergency stop, ...).
- Using machinery and/or equipment or perform any type of work without the necessary qualification or training.
- Performing the work without following the safety instructions included in the procedures and/or specific instructions for the type of work to be performed.
- Accessing the installation without prior notifying the EDPR person responsible for the installation, as well as, if applicable, the Remote Operation Dispatch Center (RODC).
- Exceeding the speed limit established in the work area.
- Not following the indications of the Preventive Resource, Safety Coordinator, Coordinator of Business Activities and/or Safety Specialists.
- Smoking in any unauthorized area.
- Failure to facilitate health and safety inspections at work.
- Failure to notify any incident or accident that occurs to its workers or to those of its subcontractors.
- Failure to collaborate in drills, audits, or any other type of activities organized by EDPR.
- Lack of adequate communication equipment during the execution of the work when the members of the team do not have visual contact among them.

- Failure to supply adequate labels on containers used to store chemical substances (according to existing regulations).
- Failure to comply with the rules of cooperation with other contractors of the project.

6.2.2 Environment

Serious infractions shall include the following:

- Accumulation in the same period (as defined in section 8) of two (2) minor environmental infractions by the same worker reported to the Contractor Company.
- Accumulation in the same period (as defined in section 8) of three (3) minor environmental infractions by more than one worker reported to the Contractor Company.
- Performing the work without following the indications regarding environmental protection provided in procedures and/or specific instructions of the work to be carried out.
- Failure to follow the indications of the persons designated as responsible for Environmental and/or Archaeological Oversight of the works/installations, as well those from Environmental Specialists.
- Failure to notify EDPR of any near-miss or environmental accident that may occur.
- Abandoning waste or not dispose of it in the places authorized for that purpose.
- Failure to submit documentation/information related to the amount of waste generated, type of treatment applied, etc. in due time and form.
- Performing maintenance tasks of vehicles, machinery and/or equipment in areas not designated for that purpose.
- Occupying livestock trails and/or private property or affect the use of any of these.
- Failure to take preventive measures to avoid affecting local communities, wildlife, vegetation and/or natural areas.
- Failure to take preventive measures to avoid affecting the cultural/archaeological/historical heritage.
- Failure to facilitate environmental inspections.
- Failure to collaborate in drills, audits or any other type of activities organized by EDPR.
- Carrying out clearing or similar tasks with affection to the native plant life without the authorization of EDPR.

6.3 Very Serious Infractions

6.3.1 Workplace Health and Safety

Very serious infractions shall include the following:

- Breach of three (3) requirements requiring the loading of EDPR's computer tool of the company documentation required for the execution of the contract.
- Alteration or forgery of submitted company and/or worker documentation.
- Accumulation in the same period (as defined in section 8) of two (2) serious safety and health infractions by the same worker reported to the Contractor Company.
- Accumulation in the same period (as defined in section 8) of three (3) serious safety and health infractions by more than one worker reported to the Contractor Company.
- Failure to use personal protective equipment in work considered to be high risk (work at height, electrical risk, confined spaces).
- Failure to obey orders to stop work in a situation of serious or imminent risk.
- Negligence and/or imprudence when performing work that entails risk of accident for the worker or other workers or third parties, or danger of breakdown in the facilities.
- Working with machines or equipment without the protection against involuntary/inadvertent start.
- Using machines or devices without safety elements.
- Failure to follow the five rules for working without voltage in electrical installations (1. Disconnection, effective cutting; 2. Prevent any possible feedback, Lockout and Tagout; 3. Verify absence of voltage; 4. Earthing and short-circuiting; and 5. Signaling of the work area).
- Failure to carry out high-risk work (for example, in electrical installations, work at heights, hot work, confined spaces, work involving the risk of entrapment between objects) by a team of at least two people.
- Being under the influence of alcohol or drugs in the facilities.
- Breach of action plans aimed at correcting infractions linked to Health and Safety issues.
- Engaging in behaviors that entail situations of risk to the safety of other workers (acts of sabotage on machinery or equipment, attitudes involving physical or verbal violence against other workers, etc.).

6.3.2 Environment

Very serious infractions shall include the following:

- Accumulation in the same period (as defined in section 8) of two (2) serious environmental infractions by the same worker reported to the Contractor Company.
- Accumulation in the same period (as defined in section 8) of three (3) serious environmental infractions by more than one worker reported to the Contractor Company.
- Lighting fires.

- Releasing any type of unauthorized spillage.
- Carrying out any type of work that requires authorization or qualification and that may generate an impact on the environment, without having said authorization or qualification.
- Using water from unauthorized sources.
- Using materials from unauthorized sources (illegal quarries, etc.).
- Failure to take preventive measures to avoid affecting the environment in jobs considered to be high risk (e.g., hot work, work in which hazardous substances may spill, etc.).
- Failure to obey orders to stop work in a situation of serious or imminent risk to the environment.
- Negligence and/or imprudence when performing work that entails risks to the environment.
- Non-compliance with action plans for the correction of environmental infractions.
- Washing vehicles, machinery and work tools in water courses.

7 Sanctions. Classification.

7.1 General Measures

The values of the sanctions (in sections 7.1.1, 7.1.2 and 7.1.3) will be applied to the total value of the contract under which the breach has occurred, for those contracts whose duration is less than one year and for supply contracts, regardless of their duration, and on the annual value of the contract under which the breach has occurred for cases in which the duration of the contracts is greater than one year.

The sanction will be notified to the worker and/or company, depending on whether it is an infraction committed by the worker or the Contractor Company. In the event that the worker is the one notified, a copy of the notification will be sent to his/her Team Leader or similar and another copy to the Contractor Company.

Within the monetary brackets mentioned below, sanctions will be adjusted in view of the concurrence of circumstances that may aggravate or mitigate the breach committed (concurrence of negligence and intent of the offender, breach of previous warnings, seriousness of the damages produced, etc.), circumstances that must be duly proven by EDPR in the sanctioning process.

7.1.1 Sanctions in case of minor infractions

- Economic sanction between 200 and 400 €*.

7.1.2 Sanctions in case of serious infractions

- Economic sanction between 750 and 1500 €*.

- Disciplinary sanction: the worker will not be able to work in EDPR group facilities within a week of receiving the notification.

7.1.3 Sanctions in case of very serious infractions

- Economic sanction between 7,500 and 15,000 €*.
- Disciplinary sanction: the worker will not be allowed to work in facilities of the EDPR group.

If a Contractor Company receives two notifications involving very serious infractions during the same period, the contract may be resolved unilaterally by EDPR and the Company may be excluded from future procurement processes during the time that EDPR deems appropriate.

* In no case shall the total amount of the penalty (in case of minor, serious or very serious) be greater than ten (10) percent of the price of the contract under which the breach was committed. *

7.2 Additional measures

In any of the above cases (minor, serious or very serious infractions), in addition to what is established for each type of fault, EDPR may also take other additional measures if deemed appropriate.

These measures will be defined according to the severity and particularity of each infraction/breach which, by way of example, could be of the following types:

- Obligation to prepare an Action Plan geared at improving safety and/or environment protection that must be approved by EDPR and carried out by the Contractor Company within a certain period of time.
- Stopping the work until the Action Plan has been completed.
- Other measures of a similar nature.

7.3 Reserve to take legal action

Without prejudice to any reservation of rights at law which EDPR may have, economic sanctions and additional measures will be applied according to the criteria established in this Disciplinary and Sanctioning Regime.

8. Deadlines considered when accumulating infractions

If the duration of the contract is less than one year, the entire duration of the contract will be within the same period. In the event that the contractual term exceeds one year, each year (counting from the date of signature of the contract) will be considered as an independent period.

9. Process

An infraction can be committed by a worker of a Contractor Company, by the Contractor Company itself, by both as well as by a worker of the subcontractor company, by the subcontractor company, or by both (although, as mentioned in section 3 of this Disciplinary and Sanctioning Regime, the Contractor Company will be responsible before EDPR for the breaches of its subcontractors).

All possible infractions notified through the Prosafety tool (accidents, incidents, risk notifications, etc.) will be considered.

The Responsible Unit and the other responsible parties described in section 9.1 will be responsible for managing the sanctioning process described in this document.

Infractions may be detected as a result of:

- Inspections and/or safety walk-throughs during the execution of the works.
- Incident or accident investigation.
- Review of contractor required documentation.
- Audits
- Breaches in the submittal of documentation required by EDPR.
- Any other type of procedure that allows learning about their existence.

9.1 Sanctioning process workflow

1. Detection of infractions.

Infractions may be detected by any worker of EDPR or by personnel of companies hired by EDPR for conducting inspections and they will be logged in any module of the Prosafety tool. Likewise, they may be detected by any worker from other contractors who are also providing services in the same project. In that case, the worker of the other contractor firm will report the infraction to any EDPR employee or to the personnel of the companies hired by EDPR to conduct inspections, who will be responsible for logging the infraction in the Prosafety tool.

Responsible: the person who detects the infraction or, if infractions are detected by persons hired to conduct inspections, the person in charge of the oversight of those persons and/or any worker of other contractor firms who are also providing the services in the same project as the Contractor Company.

2. Notifying the infraction to the Contractor Company.

The Unit Responsible for the contracted works will communicate the infraction/s on which the sanction would be based in writing to the Contractor Company.

The Contractor Company, if it deems it appropriate, may submit allegations within a maximum period of twenty-four (24) hours to the Responsible Unit, who will analyze the applicability or not of said allegations.

Responsible: Unit Responsible

3. Communication to the immediate responsible person at the Europe-Brazil level

The Unit Responsible for the contracted work, on the basis of the information collected in the different Prosafety modules (Inspections, Accidents/Incidents, Audits, Risk Notification, etc.), will notify the infraction/s in writing to their immediate Europe-Brazil manager that may have occurred during the execution of the activities and, if applicable, the proposal for disciplinary sanctions, together with the allegations received from the Contractor Company, where appropriate.

The immediate responsible person at the Europe-Brazil level of the Responsible Unit will determine the classification of the infraction and, where appropriate, the sanction to be applied to the contractor company.

The infraction will be classified according to what is established in the infractions chapter of this document. In case of doubt, the immediate manager or person in charge at the Europe-Brazil level of the Responsible Unit will consult the Disciplinary Committee (described in section 11), which in this case will be responsible for classifying the infraction. Likewise, the Disciplinary Committee will be in charge of deciding the imposition of additional disciplinary sanctions.

Responsible parties: Unit Responsible, the immediate manager at the Europe-Brazil level, Disciplinary Committee.

4. Communication.

Once the sanction has been agreed in accordance with the aforementioned procedure, a notification will be sent to both worker and contractor company. This would effectively notify the infraction and the sanction that EDPR has decided to apply.

The person responsible for signing the communication will be different depending on the severity of the infraction:

- Minor and serious infractions: Country Manager or director of the Unit Responsible (according to EDPR's power of attorney policy).
- Very serious infractions: COO Eu-Br.

10. Disciplinary Committee

The Disciplinary Committee will consist of the following members or the persons on whom they respectively delegate:

- HSSE Manager
- O&M Manager
- E&C Manager
- Procurement Manager
- Legal Counsel Director
- Human Resources Director

The function of the Disciplinary Committee will be to consider, in case of doubt by the Responsible Unit, if something constitutes an infraction or not, and if so, to define its severity. In addition, it will be responsible for deciding whether any disciplinary sanction to the contractor company applies (preparation of a specific action plan, temporary exclusion from procurement processes and others of a similar nature).

The decisions of the Committee will be made by simple majority of the members, in meetings that will be convened in this respect or by means of email communications.

thank you!



EDPR Disciplinary and
Sanctioning Regime

Workplace Environmental, Health
and Safety